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ABSTRACT

This report evaluates the adequacy of the Department of Education's efforts to approve foreign medical schools for participation in the federal student loan program, and information needed by state medical boards to assess the quality of the education that foreign-trained physicians receive before granting them licenses. Findings indicate that the Department's standards for approving foreign medical schools to participate in the student loan program address only a portion of the standards for medical education covered in the U.S. accreditation process. In addition, not only does the Department do little to assess the adequacy of foreign schools' clinical training programs, but management problems at the Department have resulted in loans being made to students attending medical schools that the Department has neither reviewed nor approved. The state medical boards have also found great difficulty in acquiring information on foreign schools' quality, forcing them to attempt a thus far unsuccessful attempt to get this information themselves. The report contains recommendations to improve the Department's standards and processes for assessing foreign medical schools. Appendices include information on the history of examinations given to foreign- and U.S.-trained physicians, and the methodology for calculating estimates of loans guaranteed. (GLR)

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United States General Accounting Office

GAO

Report to Congressional Committees

January 1994

STUDENT LOANS

Millions Loaned Inappropriately to U.S. Nationals at Foreign Medical Schools

ED 366 276

HE 027 134

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United States
General Accounting Office
Washington, D.C. 20548

Health, Education, and
Human Services Division

B-249883

January 21, 1994

The Honorable Edward M. Kennedy, Chairman
The Honorable Nancy L. Kassebaum
Ranking Minority Member
Committee on Labor and Human Resources
United States Senate

The Honorable Sam Nunn, Chairman
The Honorable William V. Roth
Ranking Minority Member
Permanent Subcommittee on Investigations,
Committee on Governmental Affairs
United States Senate

The Honorable William D. Ford, Chairman
The Honorable William F. Goodling
Ranking Minority Member
Committee on Education and Labor
House of Representatives

At the request of the Chairman, Subcommittee on Health and Long-Term Care, House Select Committee on Aging, we conducted a follow-up to our 1980 and 1985 reports related to U.S. citizens who obtain medical degrees in foreign medical schools. The Subcommittee requested that we review (1) the U.S. Department of Education's efforts to assess the quality of education that U.S. nationals receive at foreign medical schools and (2) the need for state medical boards to have better information to assess the quality of education of foreign-trained physicians before granting them licenses.

As you know, the requesting Select Committee on Aging was not reauthorized for the 1993 fiscal year. Accordingly, we are reporting our findings to committees that have either legislative jurisdiction over or recent oversight interest in Department of Education programs.

We have obtained comments on the report from the Secretary of Education and the Federation of State Medical Boards and have incorporated these comments in the report. This report was prepared under the supervision of David P. Baine, Director of Federal Health Care Delivery Issues. If you or your staffs have any questions concerning this report, please call him on (202) 512-7101. Other major contributors to this report are listed in appendix VI.

Janet L. Shikles

Janet L. Shikles
Assistant Comptroller General

Executive Summary

Purpose

While many foreign medical schools are considered excellent, congressional investigations in the mid-1980s found that some Caribbean medical schools were involved in selling fraudulent medical school diplomas. Because of continuing congressional concerns about this issue, GAO was asked to review federal and state efforts to assess the quality of education that U.S. nationals receive at these schools. Specifically, GAO sought to determine

- the adequacy of the Department of Education's efforts to approve foreign medical schools for participation in the federal student loan program and
- whether state medical boards have the information they need to assess the quality of the education that foreign-trained physicians receive before granting them licenses.

Also, during this work, GAO was made aware of and reviewed an allegation that an approved foreign school was granting medical degrees inappropriately. (See appendix II for detailed review results.)

Background

U.S. and Canadian medical schools are accredited by the Liaison Committee on Medical Education (LCME) to ensure that they meet national standards of education. LCME accreditation is required for these schools to be eligible to participate in federal loan programs. In 1992, an estimated 4,400 to 6,600 U.S. students attended medical schools outside the United States and Canada, primarily in Caribbean countries and Mexico. However, most foreign medical schools do not have an accreditation process comparable to LCME's.[1]

The U.S. Department of Education (hereafter Education) indirectly supports foreign medical programs through guaranteed loans to students who attend them.[2] By law, before it can make loans to these students, Education must approve the schools that they attend and ensure their comparability with medical schools in the United States. In addition, if foreign medical schools wish to participate in the federal student loan program, they must provide information to Education, which is used to determine whether the schools meet Education's standards. These standards include such requirements as that the schools' instruction periods be at least 32 months long and closely supervised.

[1]For purposes of this report, the phrase "foreign medical schools" refers to medical schools outside the United States, its possessions, and Canada.

[2]The Department of Veterans Affairs also pays educational benefits to eligible veterans and their families to attend these schools; however, the aggregate amount of benefits paid is small.

Once a graduate of a foreign medical school passes a standard medical knowledge examination administered by the Educational Commission for Foreign Medical Graduates (ECFMG) and receives ECFMG certification, he or she can enter the U.S. health care delivery system and complete requirements to seek a license to practice medicine. To uphold the standards for licensure set by each state, state medical licensing boards evaluate the education and training of medical school graduates, including those from foreign medical schools. American Medical Association (AMA) data show that in 1992 about 39,000 or 6 percent of the nation's physicians were U.S. citizens who had received medical degrees abroad.

During its review, GAO obtained information from Education, ECFMG, the Federation of State Medical Boards (FSMB), LCME, the National Board of Medical Examiners (NBME), Association of American Medical Colleges (AAMC), AMA, the American Hospital Association (AHA), 19 state licensing boards in states thought to be either approving foreign medical schools or regulating the clinical training of foreign medical students at hospitals in the state, 20 foreign medical schools in the West Indies and Mexico (schools that most U.S. citizens attended), and 74 hospitals or other medical facilities that were thought to be training medical students from foreign medical schools. To assess Education's standards and processes for reviewing and approving foreign medical schools and its guidance to lenders and guarantee agencies on which schools were approved, GAO reviewed Education's files on the 91 currently approved foreign medical schools and contacted three agencies responsible for guaranteeing student loans.

Results in Brief

Education has not met its statutory responsibility to ensure the comparability of foreign medical schools to schools in the United States before authorizing their participation in the student loan program. As a result, GAO estimates that Education made $118 million in loans between 1986 and 1991 to students attending foreign medical schools without assuring that the schools met U.S. standards. This happened for three reasons:

1. Education's standards for assessing foreign medical schools are not adequate to assure that these schools are comparable to U.S. schools. In particular, Education does little to assess the clinical training of foreign medical students.

2. Education has done little to enforce the few standards it has in place.

3. Education's procedures do not ensure that students attending unapproved schools are excluded from receiving loans.

State medical boards are often unable to get information they need to evaluate the education of foreign-trained physicians before licensing them, mainly due to a lack of resources but also the schools' failure to cooperate. Unlike Education, with which schools must cooperate or risk losing student loan eligibility, foreign medical schools have little incentive to provide information to state boards. As a result, educationally underqualified physicians may be entering the mainstream of American medicine.

Many states have tried to compensate for the lack of information on foreign schools by raising the postgraduate training requirements for graduates of these programs above those for U.S. program graduates. However, states are under increasing pressure from foreign medical associations and others not to treat these graduates differently than their U.S.-trained counterparts.

Principal Findings

Education Standards for Approving Schools Do Not Assure Comparability

Education's standards for approving foreign medical schools to participate in the student loan program address only a portion of the standards for medical education covered in the U.S. accreditation process. As a result, Education has approved schools that do not meet state medical board standards.

A critical departure from the U.S. accreditation process is that Education does little to assess the adequacy of foreign schools' clinical training programs—the "clerkships" in hospitals and clinics that give students vital experience in diagnosing and treating patients. Lacking training facilities in their own country, many schools often attended by U.S. citizens send their students to U.S. clinics or hospitals. GAO found that over one-half of the known U.S. facilities training foreign medical students were not affiliated with U.S. medical schools or had only limited affiliations for brief or unique rotations. Further, unlike requirements of facilities affiliated with U.S. medical schools, 61 percent of the U.S. facilities training foreign medical students did not have formal affiliation agreements to help ensure

that students were supervised and educational objectives were met. (See pp. 18 to 22.)

Education Does Little to Enforce Its Standards

Guaranteed student loans are made to hundreds of students attending the 91 approved foreign medical schools,[3] although Education has not assured that these schools meet its standards. In applying its standards, Education relies almost exclusively on information submitted by the schools. Also, although almost 90 percent of such student loan funds go to as few as 10 schools, Education does not conduct site visits to verify data provided by the schools. Education's enforcement problems included

- not enforcing its requirement that schools reapply for eligibility every 2 years. Schools were allowed to continue their eligibility after 2 years without reapplying. Consequently, the eligibility period for 88 of the 91 approved schools in 1992 had expired.
- not consistently applying standards to the schools it approved. Education did not document the basis for approval for 60 of the 91 approved foreign medical schools.

Education's lack of enforcement was further complicated by the unavailability of certain examination data. The Higher Education Act, as amended in 1986, mandates that participating foreign medical schools show that their graduates achieve a certain pass rate on ECFMG-administered medical knowledge examinations or meet other qualifying criteria. In the past, ECFMG has not released pass-rate data on individual schools due to concerns of its misuse or misinterpretation. However, summary data of the pass rates for U.S.- and foreign-trained students show that U.S. citizens who attend foreign medical schools perform on average below the required 50 percent on ECFMG-administered and other medical knowledge examinations and pass at a rate significantly lower than their U.S.-trained counterparts. (See pp. 22 to 27.)

Inattention to Program Requirements Results in Improper Student Loans

Management problems at Education have resulted in loans being made to students attending medical schools that Education has neither reviewed nor approved. For example, Education cannot distinguish between students applying to foreign medical schools and students applying to other schools or programs of a larger foreign university. Education is required, nonetheless, to apply specific standards to foreign medical schools that are not required of other schools. (See pp. 30 to 32.)

[3]Education had no record since 1983 of any foreign medical schools that it had disapproved.

Education Approved Foreign Medical Schools That States Disapproved

Education's inadequate standards and lack of enforcement effectiveness led to its approving four schools that state medical boards had disapproved. One such school was one of several related Dominican Republic schools brought to GAO's attention through allegations made by a former student of one of the schools. In investigating the allegations, GAO found that Education had allowed another school to inappropriately "adopt" this school's approval status. Court documents indicated that this second school's academic advisor had pleaded guilty in one state to practicing medicine without a license and was charged in a second state with financial exploitation of the elderly, practicing medicine without a license, and grand theft. During GAO's followup of the student's allegations, several students told us or provided evidence that

- the Education-approved school's academic advisor had been the dean of another Dominican Republic school that granted medical degrees after a few months of study and
- the academic advisor was also a major player in administering the Education-approved Dominican Republic school and was offering the same program there. (See pp. 27 to 30.)

State Medical Boards Lack Information on Foreign Schools' Quality

State medical boards are charged with issuing licenses to those physicians deemed competent to provide safe and effective general medical care. The standards that state boards use are not uniform, but generally include three broad areas: education, examination, and experience through graduate (residency) training.

States have difficulty assessing the quality of the education of graduates of foreign medical schools. Twice during the 1980s, FSMB, representing all state medical boards in the United States and its territories, sought information on the medical education provided by certain foreign medical schools. Both times, FSMB abandoned the effort after most of the schools contacted refused to cooperate. Generally, the schools that FSMB surveyed had received student loans between 1986 and 1991.

Lacking any other information, at least 14 state medical boards have attempted their own on-site or questionnaire-based assessments of foreign medical schools. These efforts have been largely unsuccessful, primarily due to a lack of state resources or cooperation from the schools.

Some states have attempted to compensate for the lack of information on education quality by raising requirements for graduate-level training for

foreign-trained applicants. However, states have been under pressure by foreign medical associations and others to treat all applicants equally and set the same experience standards for foreign- and U.S.-trained applicants. States have faced lawsuits charging civil rights violations against foreign medical students, and federal legislation has been introduced several times to prohibit states from treating foreign and U.S. medical graduates differently. (See pp. 36 to 40.)

Recommendations

This report contains recommendations to improve Education's standards and processes for assessing foreign medical schools. Once Education improves these standards and processes, we recommend that the Secretary of Education share the information that Education obtains on schools' quality with state medical boards. In addition, Education should disqualify from participating in the student loan program any schools that fail to provide the needed information.

Agency Comments

GAO obtained written comments from Education and FSMB. Education agreed with GAO's recommendations and described regulations and other planned steps that it is taking to correct the problems identified in the report. FSMB also agreed with GAO's recommendation and stated that the study validated the many complex problems facing licensing boards in their attempts to assess the quality of medical education delivered by foreign medical schools.

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Abbreviations

AAMC	Association of American Medical Colleges
AHA	American Hospital Association
AMA	American Medical Association
BWIMC	British West Indies Medical College
CONES	Consejo Nacional de Educacion Superior
ECFMG	Educational Commission for Foreign Medical Graduates
FLEX	Federation Licensing Examination
FMGEMS	Foreign Medical Graduate Examination in the Medical Sciences
FSMB	Federation of State Medical Boards
HHS	Department of Health and Human Services
LCME	Liaison Committee on Medical Education
NBME	National Board of Medical Examiners
UFHEC	Universidad Federico Henriquez Y Carvajal School of Medicine
UMD	Universidad Mundial Dominicana
USMLE	United States Medical Licensing Examination

Introduction

In 1992, about 39,000 (6 percent) of all physicians in the United States were U.S. citizens with medical degrees from foreign medical schools. Most U.S. citizens who receive medical training abroad attend schools in the Caribbean Basin[1] or Mexico and many receive student loans guaranteed by the U.S. government. While many medical schools outside the United States and Canada are considered excellent, we found that in the 1980s education and training at some schools frequently attended by U.S. nationals were significantly inferior in resources and facilities to those of U.S. medical schools.[2] In addition, congressional investigations in the mid-1980s revealed that some medical schools in the Caribbean Basin were selling fraudulent medical school diplomas.

Federal, State, and Private Involvement in Assessing U.S. and Foreign Medical Education

Several federal, state, and private organizations provide checks on the quality of education that medical school graduates receive before they enter the U.S. health care delivery system. The federal role is carried out primarily through the U.S. Department of Education's (hereafter Education) assessments of foreign medical schools. Education assesses the schools to approve their participation in the federally supported student loan program. State medical boards assess the qualifications of U.S.- and foreign-trained physicians in determining whether to grant them licenses to practice medicine in their state. Two private organizations also are principally involved in these activities. The Liaison Committee on Medical Education (LCME) accredits U.S. and Canadian medical schools, and the Educational Commission for Foreign Medical Graduates (ECFMG) administers standard medical knowledge examinations to foreign-trained physicians seeking to enter the U.S. health care delivery system.

U.S. Department of Education

Education is responsible for approving the participation of foreign medical schools in the federal government's Federal Family Education Loan Program, known as the guaranteed student loan program. The Higher Education Act of 1965, as amended, provides for guaranteed student loans to be made to students by lenders, guaranteed by state-designated guaranty agencies, and ultimately insured (termed reinsurance) by the federal government. The program originally did not provide loans to

[1]For purposes of this report, countries in the Caribbean Basin include Antigua and Barbuda (estimated mid-1992 population, 100,000), Dominica (estimated mid-1992 population, 100,000), the Dominican Republic (estimated mid-1992 population, 7.5 million), Grenada (estimated mid-1992 population, 100,000), and St. Lucia (estimated mid-1992 population, 200,000).

[2]Policies on U.S. Citizens Studying Medicine Abroad Need Review and Reappraisal (GAO/HRD-81-32, Nov. 21, 1980), and Federal, State, and Private Activities Pertaining to U.S. Graduates of Foreign Medical Schools (GAO/HRD-85-112, Sept. 27, 1985).

students attending foreign schools. In 1966, however, the statutory language was amended to extend the benefits to students at "any institution outside the States which is comparable" to eligible institutions otherwise defined in the Higher Education Act.

Partly in response to concerns about the quality of education at foreign medical schools, the Congress passed the Higher Education Amendments of 1986. The amendments built on the earlier requirement that Education assure the comparability of foreign medical schools to U.S. schools before approving their participation in the student loan program. Specifically, the Congress required that the Secretary of Education include certain requirements in its criteria to assure the comparability of foreign medical schools. For example, foreign medical schools must either show that at least 60 percent of their student enrollment is composed of nationals of the country where the school is located or that U.S. nationals attending the school achieve a pass rate on the medical knowledge examinations administered by ECFMG of 45 percent in the first and second years after the act, and 50 percent in subsequent years. The Higher Education Act of 1965 does not otherwise require Education to apply specified criteria to foreign schools other than foreign medical schools.

The Higher Education Amendments of 1992 further amended the mandated criteria that Education is required to use to assess the comparability of foreign medical schools to schools in the United States. Among other things, the amendments require the Secretary to establish an advisory panel of medical experts to evaluate the standards of accreditation used for evaluating foreign medical schools applying to participate in the student loan program and to determine the comparability of those standards to standards of accreditation for U.S. medical schools. As of June 1993, Education had not promulgated regulations to implement the 1992 amendments. In addition, Education officials told us that they had not convened the advisory panel.

State Medical Boards

Medical licensing activities for graduates of U.S. and foreign medical schools are carried out by state medical boards in the 50 states, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands. The states' licensing requirements vary, but generally all boards assess whether candidates meet education, examination, and experience standards, including residency training, for a medical license. Also, as a condition to granting medical licenses, medical boards require all medical graduates to

have at least 1 year of graduate medical education (residency) training in the United States or Canada.

LCME and ECFMG

U.S. and Canadian medical schools are subject to an in-depth accreditation process by LCME, an organization recognized by the Secretary of Education as the accrediting body for U.S. medical schools. The LCME accreditation process involves the scrutiny of a school's curriculum and other aspects of its medical program by a team of medical educators knowledgeable of U.S. medical education standards. LCME standards address, among other things,

- the school's objectives, governance, and administration;
- the duration, design and management, and content of the curriculum;
- the evaluation of student achievement;
- academic and personal counseling and career guidance, financial aid, and amenities for students;
- admissions policies; and
- resources for the educational program, including finances, general facilities, faculty, library, and clinical teaching facilities.

Schools complete a lengthy medical education questionnaire to provide information as to how they comply with the standards. After each school completes its data report, an LCME team of four experts conducts a structured site visit, generally lasting about 3-1/2 days.

Most foreign medical schools have no accreditation body comparable to LCME.[3] However, to enter accredited U.S. residency programs, graduates of schools outside the United States and Canada are generally required to be certified by ECFMG.[4] To achieve this certification, graduates must pass medical science and English-language tests and document that they have met the educational requirements to practice medicine in the country where they received their medical education. While national testing organizations and others have been attempting to develop a means to test one's applied clinical skills, as of 1993, the examinations were limited to

[3]LCME states that only Australia has a comparable accreditation system. The California Board of Medical Quality Assurance found that while the accreditation system in Great Britain could be considered reliable, those in the Philippines and Mexico were not reliable.

[4]Some exceptions apply. For example, an applicant would be eligible if he or she has a full and unrestricted license to practice medicine in a U.S. licensing jurisdiction (likely obtained prior to states' requirements that applicants for licensure demonstrate accredited residency training for licensure).

testing medical knowledge, an ECFMG official told us. ECFMG has no limits on the number of times students can take the tests it administers.[5]

Incidence of Foreign-Trained Medical Students and Graduates

No systematic means exist for determining the number of U.S. nationals attending foreign medical schools. However, most indicators, such as the number of graduates of foreign medical schools entering U.S. graduate medical education or applying for ECFMG certification, show a decrease in number between 1985 and 1992. For example, in 1985, we reported Education estimates of 13,000 to 19,000 U.S. citizens attending foreign medical schools.[6] For 1992, we estimate that between 4,400 and 6,600 U.S. citizens were studying in foreign medical schools, based on the number of foreign-trained U.S. graduates in the U.S. graduate medical education system in 1991.[7]

The number of U.S. nationals studying abroad may, however, be rising at present. Historically, more U.S. citizens have been attending foreign medical schools as admission to U.S. medical schools becomes more competitive. Medical school applications are increasing, according to the Association of American Medical Colleges (AAMC). The ratio of applicants to medical school openings increased from a recent low of 1.6 to 1 in 1988-89 to a high of 2.1 to 1 in 1992-93.

In 1992, graduates of foreign medical schools constituted 22.1 percent of physicians in the United States. About one-fourth of these graduates were U.S. citizens. The remaining three-fourths were foreign nationals who graduated from schools outside of the United States and Canada. While graduates of foreign medical schools have been increasing in number, the percentage of all U.S. physicians that they represent has remained fairly constant as shown in table 1.1.

[5]ECFMG administers more than one test, as discussed in appendix I. State medical boards can set standards for the number of times a test can be taken as part of their standards for licensure. In 1993, five boards had such limits on the ECFMG-administered examination called the Foreign Medical Graduate Examination in the Medical Sciences (FMGEMS).

[6]Federal, State, and Private Activities Pertaining to U.S. Graduates of Foreign Medical Schools (GAO/HRD-85-112, Sept. 27, 1985), p. 4.

[7]In 1991, about 1,100 U.S. international medical graduates were considered on duty in their first year of graduate residencies. Most international medical education programs take 4 to 6 years to complete (some countries allow high school graduates to directly enter medical education), according to an ECFMG official.

Table 1.1: United States-, Canadian-, and Foreign-Educated Physicians in the United States (1980, 1985, and 1992)

Year	U.S. graduates	Percent	Foreign national foreign medical graduates	Percent	U.S. national foreign medical graduates	Percent	Canadian graduates	Percent
1980	362,307	77.5	71,106	15.2	26,620	5.7	7,646	1.6
1985	425,775	77.0	84,093	15.2	34,782	6.3	8,066	1.5
1992	500,092	76.6	105,406	16.1	38,993	6.0	8,571	1.3

U.S. Nationals Most Often Attend Caribbean and Mexican Medical Schools

Data from ECFMG and Education show that most U.S. citizens educated at foreign medical schools attended schools in the Caribbean Basin—primarily the Dominican Republic—or Mexico. In 1991, the largest number of ECFMG examinations administered to U.S. citizens were for those attending medical schools in the Dominican Republic (1,105), Mexico (828), Philippines (340), Montserrat (204), Dominica (170), and Italy (118). Education data on foreign medical schools whose students receive guaranteed student loans[8] also show that most students attend schools in Caribbean countries. Table 1.2 lists the 10 individual foreign schools whose students received the most guaranteed student loans in 1990 and 1991 and how those schools ranked in terms of the number of U.S. citizens applying for ECFMG examinations between July 1984 and May 1993 with graduation dates after 1984.

[8]For purposes of this report, references to guaranteed student loans address loans distributed under the Federal Family Education Loan Program, also known as the Guaranteed Student Loan Program.

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Table 1.2: Foreign Medical Schools Receiving the Most Guaranteed Student Loans (Fiscal Years 1991 and 1992)

Foreign medical schools[a]	School ranking[b]
1. St. Georges University, Grenada, West Indies	1
2. Universidad Autonoma De Guadalajara, Guadalajara, Mexico	2
3. Ross University School of Medicine, Dominica, West Indies	4
4. American University of the Caribbean, Montserrat, West Indies	3
5. Tel Aviv University, Tel Aviv, Israel	6
6. Spartan Health Sciences University School of Medicine, St. Lucia, West Indies	9
7. Universidad Central Del Este, Dominican Republic, West Indies	5
8. Universidad Catolica Madre Y Maestra, Dominican Republic, West Indies	10
9. Universidad Mundial Dominicana, Dominican Republic, West Indies (also known to Education as Federico Henriquez Y Carvajal—see p. 28 for further discussion of this school)	21
10. Universidad Nacional Pedro Henriquez Urena, Dominican Republic, West Indies	13

[a]Using Education's information system, we could not break out the loans guaranteed to students attending medical programs, versus those guaranteed to other students. The numbers shown, and other numbers for loans to foreign medical schools in this report, represent the total payments to the school that is known to have a medical program. As discussed on page 32, most of the U.S. students attending the foreign schools in our survey of schools were attending the medical program.

[b]Ranking among schools attended by U.S. citizens applying for ECFMG certification between July 1984 and May 1993.

Past Concerns Related to U.S. Citizens Attending Foreign Medical Schools

In 1980, we reported that policies on U.S. citizens studying medicine abroad needed review and reappraisal. We recommended the development of more appropriate assurances that all students who attend foreign medical schools demonstrate that their medical knowledge and skills are comparable to those of their U.S.-trained counterparts before they are allowed to enter the mainstream of American medicine. In a 1985 report, we found that these issues still required attention. In both reports, we discussed the need for a more coordinated approach to assuring that all students who attend foreign medical schools demonstrate that their medical knowledge and skills are comparable to their U.S.-trained counterparts before they are allowed to enter the U.S. health care delivery system. One alternative provided was that the Department of Health and Human Services (HHS) could be given the authority to accredit foreign medical schools. However, a 1988 report of the Council on Graduate

Medical Education[9] concluded that it would be presumptuous and unwise for the Government and/or the private sector to attempt to establish procedures for accrediting medical schools outside the United States.

Concerns about U.S. citizens attending foreign medical schools were heightened during the mid-1980s, when congressional and Postal Service investigations identified the sale of fraudulent medical degrees by schools in the Caribbean. A broker with a medical education placement organization testified that he provided fraudulent credentials to about 100 individuals from at least two schools. He also provided or arranged placement in a U.S. hospital for clinical rotations and in conspiracy with a physician from one of them falsified evaluations of rotations. Of those individuals, 13 were found to have obtained their medical licenses and 6 more were working in hospital residency programs. The broker was found to have made $1.5 million with his scheme before he was caught by Postal Service authorities. After a review of credentials of people potentially involved, a total of 73 "doctors" eventually had their ECFMG certificates revoked. An additional 14 people surrendered their ECFMG certificates. Eight people had their medical licenses revoked.[10] The two major schools involved in the scheme were closed by the government of the Dominican Republic. Congressional hearings in December 1984 highlighted concerns about the quality of the education provided by a few proprietary (private, for-profit) foreign medical schools, particularly those in the Caribbean, and the potential risks to the health and welfare of the American public.

Scope and Methodology

We obtained background information on the estimates of foreign-educated U.S. citizens in residencies and practicing in the United States from the American Medical Association and ECFMG. We obtained information on state licensing standards from AMA and Federation of State Medical Boards.

To evaluate the adequacy of Education's standards and processes to determine whether approved foreign medical schools are comparable to U.S. medical schools, we reviewed relevant federal laws and regulations; administrative policies and procedures of Education and LCME; foreign school files at Education; guidance provided to financial institutions on approved foreign medical schools; selected student applications for ECFMG

[9]The Council was established under title VII of the Public Health Service Act to make recommendations to the Secretary of HHS and the Congress on concerns related to graduate medical education.

[10]Based on data provided by FSMB. An additional 86 people had their ECFMG certificates revoked and reinstated and 3 people that surrendered their certificates were eventually reinstated.

certification; a survey of American Hospital Association member hospitals published in the Journal of the American Medical Association;[11] and information from the National Board of Medical Examiners, ECFMG, and FSMB on examination pass rates. In addition, we obtained information from medical schools in the Caribbean Basin and Mexico about programs, students, and student loans; we also contacted selected U.S. hospitals for information about clinical training of foreign medical students. We interviewed officials from Education, LCME, FSMB, and selected states. We also obtained and analyzed Education's guaranteed student loan database.

To determine whether state medical boards have the information that they need to assess the quality of education of foreign-trained physicians, we interviewed directors of selected state medical boards and met with FSMB officials.

Finally, our Office of Special Investigations investigated certain schools in the Dominican Republic after allegations were made that the schools were granting medical degrees based on little or no medical education. Details of the allegations and our investigation results are in appendix II.

Our work was conducted between April 1992 and June 1993 in accordance with generally accepted government auditing standards.

[11]Journal of the American Medical Association, Vol. 256, No. 10 (1986).

Education Improperly Guaranteed Millions in Loans to Students of Foreign Medical Schools

Although the requirement has been in place since 1966, Education has not met its statutory responsibility to assure that foreign medical schools participating in the student loan program are comparable to U.S. medical schools. Education's standards as applied do not address the quality of the education provided by the schools. Also, Education does little to review the clinical training arrangements of many foreign medical schools. Many of the frequently attended foreign medical schools lack domestic hospitals to provide hands-on training to students. Instead, these foreign medical schools send their students to train in hospitals located in other countries, most often the United States. U.S. hospitals training foreign medical students in many cases are not approved to teach U.S. medical students and frequently lack formal agreements with the medical schools to assure educational standards were met.

In addition, Education has done little to enforce the few standards it has in place, relying on unverified information to approve schools and lacking formal policies and procedures for assessing schools. One consequence is that Education has approved schools that state medical boards have disapproved. One such school became the subject of a GAO special investigation after it was found to be related to a school whose medical advisor had pleaded guilty in the United States of practicing medicine without a license. Finally, Education's inattention to program requirements has resulted in guaranteed student loans being made to students attending medical programs that it had not approved.

Education has an opportunity to improve its standards as it develops new regulations to implement the Higher Education Amendments of 1992. However, even if the standards it uses are improved, unauthorized payments likely will continue unless control weaknesses and process problems are also addressed.

Education's Standards for Approving Foreign Medical Schools Are Not Adequate

Education has not developed adequate standards to help assure that the foreign schools it approves are comparable to their U.S. counterparts. Between 1985 and the time of our review, Education based its comparability assessments on standards set forth in the 1983 regulations and the Higher Education Act of 1965 (HEA), as amended in 1986.[1] As table 2.1 shows, however, we believe that the standards Education used in

[1]Education did not promulgate regulations to outline or further clarify its criteria for comparability, as required by the 1986 amendments to the act. According to the Education official responsible for applying the standards, Education's ability to use the 1983 regulatory standards in conjunction with those in the 1986 amendments made new regulations unnecessary.

approving the 91 foreign medical schools are not sufficient for establishing their comparability with U.S. medical schools.

Table 2.1: Assessment Standards and Their Limitations for Measuring the Comparability of Education and Training at U.S. and Foreign Medical Schools

Standard	GAO concern
School is listed in the World Health Organization (WHO) Directory of Medical Schools.	WHO neither recognizes nor evaluates schools in its directory, but lists any school based on data provided by states and national governments.
School is recognized as a medical school and approved by those evaluating bodies in the country in which the school is located, whose views are considered relevant by the Secretary.	Education did not consider the standards other countries used to recognize medical schools, or whether other countries qualitatively assessed their medical schools. An Education official indicated that the Department never had an independent means of determining if foreign medical schools met the requirements.
The school has graduated two classes.	Standard does not address the quality of education and training.
The school has a student population composed of at least 60 percent from the country in which the school is located, or the school's American students have achieved a pass rate of 50 percent on ECFMG's exam.[a]	As implemented, not a measure of comparability of education and training. Because ECFMG pass-rate data for individual schools was not available, Education relied instead on the student enrollment criteria, but did not always apply it as required. See page 22 for a further discussion of Education's related enforcement problems.
The school's clinical and classroom medical instruction is at least 32 months in length, supervised closely by members of the school's faculty, and provided either (1) outside the U.S. in adequately equipped and staffed facilities, or (2) in the U.S. through a training program for foreign medical students approved by all medical licensing boards and evaluating bodies whose views are considered relevant by the Secretary.	As implemented, not an effective measure of comparability of education and training. Education asks schools to report the length of the program and relies on the school's response to determine if the 32 month standard has been met. Education had not defined how schools would assure their instruction was closely supervised, and based on our review of school files did not review the supervision of instruction. Although the schools reported the location of their clinical training facilities, Education had not requested information on equipment or facilities beyond what information a school provided in its course catalogue. Finally, Education had approved several schools that state medical boards had disapproved, as discussed on pages 27 and 28.

[a]The law was modified by the Higher Education Amendments of 1992, as discussed on page 11. Before the 1992 amendments, the Secretary's criteria for approving foreign medical schools had to include a requirement that a student attending a medical school is ineligible for loans unless at least 60 percent of its students are nationals of the country in which the school is located or that a school unable to meet their criteria could establish the eligibility of its students if the U.S. nationals attending such school achieve a pass rate on the examinations administered by ECFMG not less than 50 percent for students taking such examination in any subsequent year. As a result of the 1992 amendment foreign medical schools now must demonstrate that at least 60 percent of their students are not American and 60 percent of their students who took the ECFMG exam the preceding year passed or that their clinical training program was approved by at least 1 state as of January 1, 1992.

Foreign School Clinical Training Often Not Comparable to U.S. Training

Clinical training, or clerkships, provide vital "hands-on" medical training and typically constitute the last 2 years of medical school. The applied clinical training is a critical part of medical education, because these clerkship experiences teach the student to establish desirable

physician-patient relationships, take medical histories, conduct physical examinations, and recognize common disease patterns. Assuring close supervision and adequate evaluation of these experiences is important. Also, these applied skills cannot currently be tested in the standard knowledge examinations that are used to certify the readiness of foreign medical school students to enter U.S. graduate medical education and obtain medical licenses. U.S. medical schools are required to obtain formal agreements with hospitals providing required clerkships. These agreements may cover how the school and hospital will maintain the school's standards, appoint faculty to the medical school staff, design the curriculum, supervise the students, provide for liability insurance, evaluate student performance, and other matters.

Foreign medical schools frequently attended by U.S. nationals often lack facilities to provide clerkships in their country. These schools arrange for hospitals outside the country to train their students. For frequently attended schools, this training often occurs in the United States. We identified five approved foreign medical schools whose students received 39 percent of the total funding Education provided to students attending foreign medical schools in 1990 and 1991 with clinical training facilities located outside of the country. Generally, these schools and their affiliates in the United States were identified through the schools' applications for Education approval and school catalogues. A 1986 study and our work on Education-approved medical schools and their affiliated hospitals indicate that U.S.-based clinical clerkships for foreign medical students were often in hospitals that (1) were not approved to teach U.S. students or (2) had no formal teaching agreements to assure the schools' educational standards were met.

Study of U.S. Hospitals Raises Concerns

In 1986, AHA and AMA researchers reported the results of a survey of U.S. hospitals to assess the types of clinical training they were providing to foreign medical students.[2] The study concluded that the foreign medical schools exercised little supervision or control over the students or the quality of the educational experiences provided. The study found that, as of January 1985, 166 U.S. hospitals were providing clerkships for foreign medical students and 789 hospitals had provided such training before the study. Thirty percent of the 166 hospitals providing clerkships to foreign medical students were not affiliated with U.S. medical schools and, thus, were not accredited to teach American medical school students. Sixty-five percent of the 166 hospitals training foreign medical students had no

[2]Mona M. Signer, M.P.H. (AHA), and Anne E. Crowley, Ph.D. (AMA), "Clinical Training for Students of Foreign Medical Schools in U.S. Hospitals," Journal of the American Medical Association, Vol. 256, No. 10 (1986), pp. 1311-1314.

written or oral affiliation agreements with the foreign schools. Almost 60 percent of those hospitals had never been visited by a representative of the school whose students it was training.

Sixteen states reported to AMA in 1991 that they regulate clerkships that hospitals provide to foreign medical students, primarily by requiring that the hospital be accredited to train U.S. students or by prohibiting such arrangements. However, the 1985 study found that eight hospitals located in states that prohibited hospitals from training foreign medical school students were providing such training. In addition to the 166 hospitals providing training to foreign medical students, the study found that 701 U.S. hospitals were providing opportunities for foreign medical school students to "observe" their operations—but not in a clinical training arrangement that the hospital considered a clerkship. Although determining the specific nature of these arrangements was outside the scope of their study, the researchers noted that this type of arrangement raises questions about the objectives of the arrangements and the credit students receive for participating in such arrangements.

Concerns Remain With Education-Approved Schools

We contacted selected U.S. hospitals that were identified either by foreign medical schools in their applications for Education approval or foreign medical students in their applications for ECFMG certification as providing their clinical training.[3] Our review of the affiliations and their training status yielded results similar to the earlier study. In total, we reviewed 84 affiliations,[4] 45 that were reported by schools and 39 reported by students that had not been reported by the schools. In reviewing the 84 affiliations, we found that:[5]

- Sixty-one percent of the affiliations in hospitals that had trained foreign medical school students between 1990 and 1993 were in hospitals that had no formal affiliation agreements with the foreign medical schools.
- Fifty-one percent of the affiliations were with hospitals[6] that either did not have an affiliation with a U.S. medical school to teach U.S. medical

[3]Specifically, we reviewed a judgmental sample of students taking the ECFMG examination in 1990 or 1991 from 15 schools that we had identified as likely to have clinical training affiliates in the United States. Students reported receiving training in 39 hospitals that had not been reported to Education in their schools' applications for approval.

[4]Since some U.S. hospitals were affiliates of more than one foreign medical school, a larger number of affiliations existed as compared to affiliates.

[5]Our review was limited in that it only included a small number of schools.

[6]In some cases, the affiliated facilities were clinics or other medical facilities.

students or had only a limited affiliation to teach students for brief or unique rotations.

- Twenty-nine percent of the affiliations were with hospitals that were not accredited to sponsor or participate in any graduate training programs.
- Seven percent of the reported affiliations apparently did not exist. The hospital administrators or other officials from six hospitals indicated that the hospital had no affiliation with the foreign medical schools whose students claimed that they were trained at the hospital. Officials from two of these hospitals stated that they had not heard of the cited foreign medical school whose students claimed to have received training at their hospital.
- Ten percent of the affiliations had ended. Officials from eight hospitals indicated that the hospital had once trained foreign medical students but had ended the affiliations with the cited foreign medical school.

We could not verify that five of the U.S. clinical training facilities cited by schools in their 1992 Education applications or fall 1992 catalogues existed in the city cited by the school when we conducted our review in early 1993.

We also found evidence that some schools may allow students to set up their own clerkships in any U.S. hospital that would accept the student. For example, the course catalogue of one school receiving student loan monies indicated that "students are permitted to seek clinical clerkships in locations of their own choosing in the U.S.A."

Education Has Not Enforced Its Standards

Education's inattention to assuring the comparability of foreign medical schools is further reflected in its lack of enforcement of its standards. Relying primarily on information that the schools submitted to comply with Education's requirements, Education did little to document that schools had met all standards and to assure schools were reapproved within the required timeframes. Education's lack of enforcement was complicated by the unavailability of certain medical examination pass rates by school. However, summary information on pass rates for all foreign medical school graduates shows that foreign-trained U.S. nationals score significantly lower than their U.S.-trained counterparts.

Our review of Education's files for the 91 approved schools showed that Education did not

- follow its own regulation and reapprove schools every 2 years. Education's regulations indicate that a foreign medical school's participation is limited to 2 years. Education had 91 schools designated as approved in 1992, but the eligibility of 88 of those schools had expired. Most schools had not been reviewed for a period of time much greater then 2 years. The most recent date of correspondence between Education and 59 approved schools was 1984 or earlier.
- consistently apply standards to all cases. Of the 91 approved schools' files, 60 (66 percent) had no documentation that the medical program had been reviewed. The only document in these files was a program participation agreement signed by the school and Education and/or a notification to the school of its eligibility. The remaining 23 schools (25 percent) had some evidence that Education had applied at least one standard. Education could not locate a school file or any documentation for another 8 schools (9 percent). Limited information provided to us by several approved schools showed that many of them did not meet the standards that Education had in place.[7]
- conduct site surveys to verify information submitted by schools in course catalogues and the Education application. Verification, when it occurred,[8] consisted mainly of checking reference manuals or determining from officials of the school's country that the school was considered a medical school by the host country government, the Education official responsible for reviewing and approving foreign schools told us. Education officials indicated that foreign school approvals were a low priority and that Education lacked the expertise and resources to conduct site reviews.

While we agree that Education has in the past lacked the expertise to perform on-site surveys of schools, in response to the Higher Education Amendments of 1992, the Secretary plans to establish an advisory panel of medical experts to evaluate the standards of accreditation used for evaluating foreign medical schools. This panel should greatly enhance Education's ability to adequately evaluate foreign medical schools. Concerning resources, Education could establish criteria to decide which schools should be visited for site reviews with an aim toward minimizing resource requirements. For example, Education could review schools whose clinical training facilities are located outside the country of the school. Schools meeting such criteria could be required to pay a fee to help offset the costs of the site visit as a condition of Education's review of

[7]For example, some schools provided information showing that more than 60 percent of their student population was from outside the local population. We further found that some Education-approved foreign medical schools were not listed in the WHO directory.

[8]We found little evidence in the files of approved schools that such verification had taken place.

their school for participation in the guaranteed student loan program. State medical boards and FSMB generally required schools to pay for the site visits they conducted.

Foreign Medical Schools' Dependence on Tuition Financing Enhances Education's Ability to Review Their Activities

The foreign medical schools with high concentrations of U.S. national students appear heavily dependent on tuition financing—much of it provided through student loans. This situation should facilitate Education's ability to thoroughly review these schools' activities, should Education choose to conduct site visits.

Almost 90 percent of Education's student loan funds to approved foreign medical schools are provided to students attending about 10 schools, as determined from student loan funding between 1986 and 1991. We also noted during our review that foreign medical schools attended most frequently by U.S. citizens appear much more dependent on tuition as a source of revenue than U.S. medical schools. Tuition and fees made up only 4.3 percent of total 1989-90 revenues for U.S. medical schools. The majority of revenues for these schools came from federal research; other federal, state, and local government sources; and medical services. In contrast, New York's state education department reviewed foreign medical schools in the mid-1980's and obtained data on revenues. The department found that the three Education-approved[9] schools most frequently attended by U.S. nationals receiving student loans between 1986 and 1991 were highly dependent on tuition revenues, which ranged between 92 and 99 percent. The percentage of Americans at these three schools averaged 75 percent for 1990 and 1991.

Our review also indicated that the schools receiving the most student loan funds have historically cooperated in providing Education with information needed to approve them for the program. If, however, a school was to choose to not cooperate with Education in this regard, Education's authority permits it to not approve the school and deny loan funds to students attending the school.

[9]The survey reports showed that tuition and fees for St. Georges University School of Medicine constituted 92 percent of total revenues in fiscal year 1986-87. Tuition and fees (as budgeted) at Ross University School of Medicine in 1984-85 constituted 99 percent of the school's educational revenues. Tuition and fees at the American University of the Caribbean constituted 95 percent of revenues in 1981.

Education Did Not Apply Pass-Rate Criteria, but Overall Rates Show Foreign-Trained U.S. Citizens Score Lower

One quantifiable measure of a school's medical program is a school's student pass rate on standard national examinations. Since the Higher Education Amendments of 1986,[10] Education has been required by law to assure that foreign medical schools approved for participation in the guaranteed student loan program either show that their student bodies are composed mainly of citizens of their own country or that their U.S. graduates pass ECFMG examinations at a rate equal to or above a specified percentage, currently 50 percent.[11]

According to the Education official responsible for approving foreign schools, Education did not use pass rates in approving the 91 schools,[12] mainly because the data were unavailable from ECFMG and difficult to obtain from the schools themselves. ECFMG's policy in the past was to withhold group pass-rate data for individual schools due to concerns about their misinterpretation and misuse of performance data. In February 1993, ECFMG informed us that it would work with Education to determine the best method for calculating the pass rates for individual schools. These rates had not been provided to Education as of June 1993.[13]

A comparison of overall pass rates on medical knowledge examinations administered to foreign- and U.S.-trained students and graduates shows that foreign-trained U.S. nationals generally score below the 50 percent level and significantly lower than their U.S.-trained counterparts.[14] The most extensive data available that provide a comparison between foreign- and U.S.-trained students are for the National Board of Medical Examiners examination. This exam was taken by both U.S.- and foreign-trained students between 1989 and 1992. These data are shown below. Data from other tests showing similar results can be found in appendix I.

[10]The 1992 Higher Education Amendments further modified the law. See page 19 for information.

[11]See table 2.1, note a, for specific criteria as specified in law.

[12]The approving Education official also indicated that schools were able to qualify based on meeting the 60-percent-enrollment criteria. However, we identified at least 6 approved schools that did not meet the enrollment criteria.

[13]According to Education officials, ECFMG had changed its position and would not release these data. Education officials said that they were planning to seek an amendment to the requirement that they apply the pass rates in assessing schools.

[14]Parts of three different medical knowledge examinations taken by both U.S.- and foreign-educated students and graduates offer a point of comparison. See appendix I for more specific explanations of the tests and the pass rates.

Figure 2.1: Pass Rates on the NBME Examination, Part I (Basic Sciences)

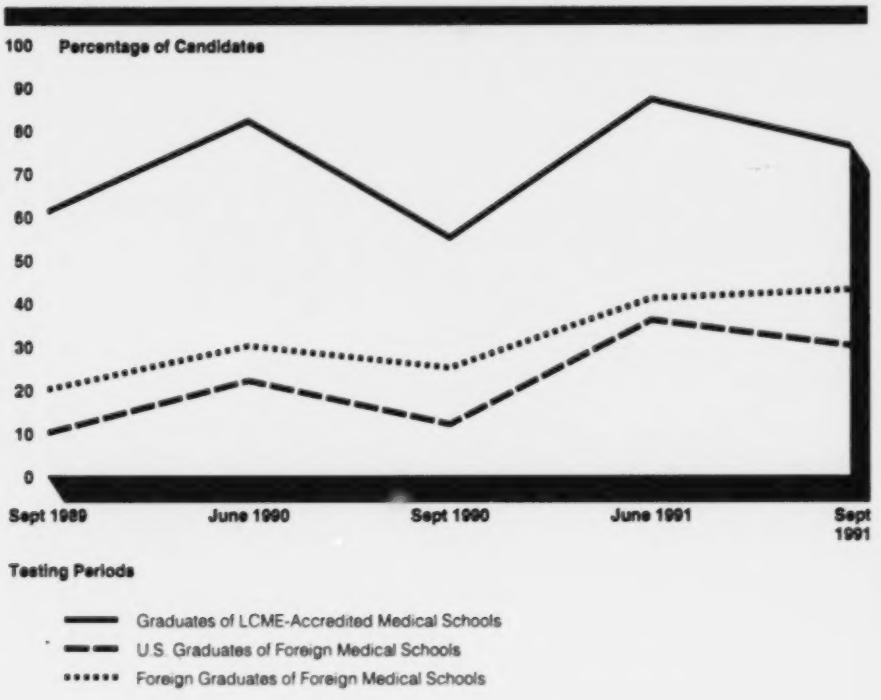
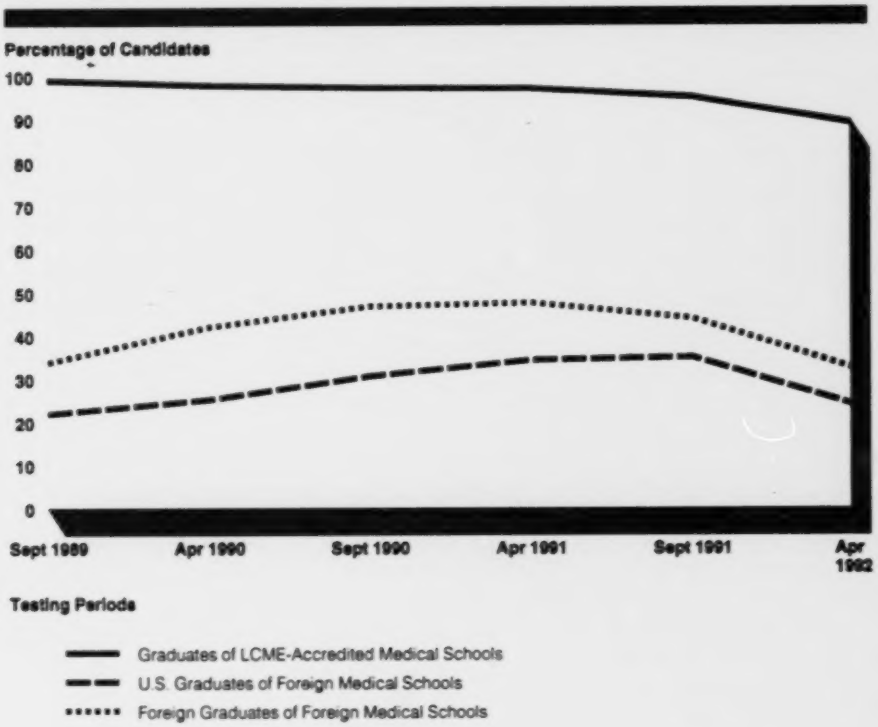


Figure 2.2: Pass Rates on the NBME Examination, Part II (Clinical Sciences)



Education Has Approved Schools That State Medical Boards Have Disapproved

Serious deficiencies at a few foreign medical schools may have escaped Education's attention because of Education's inadequate standards, reliance on information in applications and course catalogues, and lack of enforcement of its standards. In fact, Education had no record since 1983 of any foreign medical school that did not meet its standards, an Education official told us. Education has reviewed and approved schools that state medical boards reviewed and rejected. Licensing boards in California, New Jersey, and New York conducted surveys of foreign medical schools to determine whether their graduates would be eligible for state licensure or allowed to train in hospitals in the state.[15] The states' evaluations, conducted mainly in the 1980s at the expense of the subject schools, were generally narrower in scope than LCME's but more thorough than Education's in that site teams inspected facilities and usually met with school administrators, faculty, and students.

[15]Other states also conducted surveys and disapproved schools in some cases; however, these surveys generally were not conducted on site.

Together, the three state boards disapproved a total of four schools that Education had approved for student loan program participation.[16] Collectively, students attending these four schools received about $11.4 million in student loan monies in 1990 and 1991. Some of the deficiencies that the states noted illustrate the magnitude and types of problems that would not have emerged from information on guaranteed student loan applications or school catalogues. These deficiencies included ill-preparedness of students for clinical training with respect to physical diagnosis and taking patient histories; a lack of integration of the basic and clinical sciences; limited teaching facilities and materials; inadequately managed clinical curriculum—particularly with respect to the supervision, evaluation, and counseling of students; careless documentation of credited coursework taken at other medical schools; and the granting of credit for study in health fields not taken in medical school.

Not Following Procedures Resulted in Approval of Questionable School

During the course of our review, we became aware of an allegation that an Education-approved school, the Universidad Federico Henriquez Y Carvajal School of Medicine (UFHEC), located in Santo Domingo, Dominican Republic, was operated by a person who had pleaded guilty to practicing medicine in the United States without a license. Several Santo Domingo schools were involved in the allegation. We conducted a special investigation of the schools[17] and the basis for Education's approval of the involved schools.

Our investigation found that UFHEC was operating with the same key administrators and similar course catalogs as another Santo Domingo school, the British West Indies Medical College (BWIMC). These relationships raise concerns because BWIMC was alleged by former students to be granting medical degrees after students had as little as 10 to 11 months of medical education. In fact, former students told us and provided documentation indicating that generally the BWIMC curriculum consisted of about 6 weeks of rapid review of the "basics," and 9 months of courses and clinical rotations to complete the program. Persons with prior health experience, such as chiropractors, were given "advanced standing" for their experience. When recruited, students (often

[16]Not all schools were rated consistently by states, primarily because some state's reviews were more in-depth than others. One state, New York, patterned its reviews after those of LCME and had extensive reports and findings.

[17]GAO's Office of Special Investigations conducted the fieldwork to determine the status of the schools referred to in the student's allegation.

chiropractors) were told that the program would allow them to maintain their practice in the United States and obtain their medical degree at the same time. At least four students interviewed indicated that they had received credit for courses they did not take or test results for tests that were not administered. Several students complained that their clinical experiences were limited. For example, one student said his training consisted of "scrub nurse" activities at various clinics or hospitals in and around Santo Domingo.

While BWIMC apparently ceased operations in mid-1992, UFHEC continued with some of the same troubling characteristics as BWIMC. Documentation provided by BWIMC students and our investigation showed the following:

- Correspondence on UFHEC letterhead sent to BWIMC students soliciting their attendance in the new program cited the former BWIMC dean[18] as the "Academic Advisor" and "Coordinator." Court documents show that this individual had pleaded guilty in 1989 to practicing medicine without a license in North Carolina, receiving a 2-year suspended sentence and a $500 fine. A North Carolina Department of Justice official told us that a raid of the advisor's former office found numerous diplomas from what proved to be correspondence schools or organizations that simply charged a fee for certification.[19] The UFHEC advisor was also charged in Florida in 1990 with financial exploitation of the elderly, practicing medicine without a license, and grand theft.
- UFHEC correspondence sent to current and former BWIMC students and an interview with a former BWIMC administrator who was also employed by UFHEC show that the BWIMC dean was also employed by UFHEC. Further, the schools had almost identical course catalogues and the same mailing addresses for certain school clinical facilities. Solicitations mailed to potential students in 1992 seeking their attendance at UFHEC were signed by the former BWIMC dean and the former BWIMC administrator. These solicitations indicated that UFHEC was offering the same "accelerated program" for obtaining a medical degree as was offered at BWIMC.

UFHEC officials did not respond to our written and oral requests for comments on these relationships with BWIMC.

[18]This individual was cited as "dean" and "president" on various letters sent to students regarding the school.

[19]A document obtained by a BWIMC student showed that the individual had attended a Dominican Republic school called Universidad CIFAS, which was closed by that government in the mid-1980s for selling fraudulent medical diplomas.

Our review of the Education records shows that Education had approved UFHEC for student loans effective June 1991 without following its own approval procedures. According to Education's records, UFHEC participated in the student loan program under a school code number formerly assigned to a school called the Universidad Mundial Dominicana (UMD). Education rules allow such a transfer in codes and participation status when an approved school merely changes its name.[20] New schools, or schools undergoing more profound changes—such as a change of ownership—are subject to Education review before being approved for participation.

UMD was closed in 1991, according to the Dominican Republic government, and UFHEC opened in the same location after the closure of UMD. The Dominican Republic government considered UFHEC a new school; consequently, per Education's own rules, Education should have reviewed UFHEC to assure Education standards were met before allowing it to participate in the guaranteed student loan program. If Education had reviewed UFHEC as a new school, UFHEC would not have met Education's basic participation criteria. For example, UFHEC did not have the World Health Organization recognition that Education requires before approval. A more detailed discussion of the problems found with UFHEC is in appendix II.

Inattention to Program Requirements Results in Student Loan Program Participation by Unapproved Medical Schools

Typically, the student initiates the loan process by providing eligibility information to the school. The school puts together a financial aid package and is responsible for determining a student's eligibility for a student loan. In the event a school incorrectly certifies that an ineligible student is eligible, the school is responsible for reimbursing Education for all interest and special allowance paid on behalf of the borrower. The student loan funds are provided by a lending institution and a state or nonprofit agency approves the loan, guaranteeing the loan against default. In cases of students seeking loans to attend foreign medical schools, lenders and guaranty agencies consult a list of foreign schools and medical programs that Education has approved for student loan program participation to assure that the school named on the student's application is an approved participant.

[20]Education files contained no documentation of UMD's request to change its name to UFHEC. The system was changed to allow Federico to use UMD's school code, and the person responsible for making the change left Education employment before responding to our questions. UFHEC officials provided us with a copy of the letter they claimed to have submitted to Education to request the name change.

This process has not assured that schools correctly certify eligibility for students attending approved foreign medical school programs for two reasons. First, Education's primary control to assure that loans go only to approved schools is through the lenders and guaranty agencies, an Education official told us. However, these agencies have no means to identify loan applicants who are attending a medical school or program that is part of a foreign university. Identifying those students seeking to attend foreign medical schools is important, since foreign medical schools must comply with specific Education criteria. The loan applications do not request any information on whether the program of study in which the student is enrolling is a foreign medical school. For example, a student attending the school of medicine at the University of Guadalajara would show only "University of Guadalajara" on the application.[21] Many foreign universities are considered Education-approved, with the exception of their medical program. Only if the lender or guarantee agency acts on its own initiative to determine if an applicant was attending the medical program would this fact become known.

Second, Education mistakenly indicated to lenders and guaranty agencies that all approved foreign universities had approved medical schools.[22] In fact, only 67 of the more than 600 approved foreign schools receiving student loan monies did.[23] For at least 20 months and as long as 10 years,[24] Education provided lenders and guaranty agencies with official agency guidance that all approved foreign schools had approved medical schools. According to our review of school files, Education had actually never reviewed most of the medical schools of the approved foreign schools. Education managers were apparently unaware of the mistake, as the official responsible for providing the guidance had been given full authority for making all approval decisions and providing guidance to

[21]A common application form for the student loan program has been developed by the higher education community, the guarantee agencies, and the Department and was recently approved for use by the Department, according to an Education official. The form does not request specific program information.

[22]While Education is not required to apply any specific criteria in approving international universities, Education by law must assure international medical programs meet standards of comparability.

[23]While Education had approved 91 schools, not all received student loan monies during the 1986-91 timeframe.

[24]We could not determine how long guaranty agencies and lenders were operating under the incorrect guidance, because Education could not provide us with documentation of past guidance. However, based on documentation provided by guaranty agencies, they were operating under the incorrect guidance for up to 10 years.

guaranty agencies without management oversight.[25] As of 1992, Education had reviewed and approved only 91 foreign medical schools. The incorrect guidance had the effect of authorizing participation of 226 foreign medical programs that had not been reviewed.[26]

Moreover, the majority of student loan monies going to the schools were provided to students attending their unapproved medical schools. We surveyed 18 of the unapproved foreign medical schools in the Caribbean Basin and Mexico, since these regions had schools that were frequently attended by U.S. nationals. Of the 12 responding schools, 11 had students receiving student loans in 1990 or 1991. On average, about 83 percent of the students receiving loans were attending unapproved medical schools.

In December 1992, during our review, Education corrected its guidance to the guarantee agencies and lenders by clarifying that not all approved foreign schools had approved medical programs. However, the application form has not been changed to request information about foreign medical schools. For this reason, the likelihood remains that students will receive loans to attend unapproved foreign medical schools.

Loans to Foreign Medical Schools Total Tens of Millions Annually

We could not determine the precise amounts of loans guaranteed to students attending foreign medical schools for which Education had no assurance were comparable to U.S. medical schools. However, available evidence indicates that many loans were made to students attending unapproved foreign medical schools or approved schools for which Education had little assurance were comparable to their U.S. counterparts. Between 1986 and 1991, $173 million in guaranteed student loans was made to students attending foreign schools. Over $129 million of that was provided to students attending foreign schools with medical programs. We estimate that $118 million of that was provided to students attending foreign schools for which Education had no assurance of their comparability to U.S. medical schools. A detailed discussion of our estimating methodology is in appendix III.

Conclusions

While most U.S. guaranteed student loans go to students at U.S. schools, a large share of the remaining loans go to U.S. students who predominately

[25]Based on our conversation with her immediate supervisor, who informed us that she was unaware of the employee's actions with regard to foreign schools. According to the supervisor, she allowed the employee to use her (the supervisor's) "signature stamp" on outgoing guidance requiring the supervisor's signature.

[26]See World Health Organization World Directory of Medical Schools, Sixth Edition, 1988.

attend a few foreign medical schools. The Congress has legislated certain standards that foreign medical schools must meet to qualify for participation in the guaranteed student loan program. However, Education has not properly implemented the standards and lacks assurance that the foreign medical schools it authorizes for loan program participation are comparable to U.S. schools.

Education has an opportunity to improve its standards as it prepares regulations to implement the Higher Education Amendments of 1992. Education will have medical experts that could assist in developing these standards and the processes for applying them, since the amendments required the Secretary, as part of the comparability determination process, to establish an advisory panel of medical experts to determine the comparability of foreign countries' accreditation standards to those applied to U.S. medical schools. This advisory panel is a likely source of information as to how the standards that Education uses could more approximate those that are applied to U.S. medical schools.

Still, more needs to be done than improve Education's standards. We identified serious problems with Education's enforcement procedures and the program requirements that are supposed to assure loans are guaranteed only for students attending approved foreign medical programs. Problems we found with Education's processes resulted in millions of loans being made to students attending unreviewed and unapproved schools, and schools that Education had approved but with no assurance that they met its standards.

Foreign medical schools greatly benefit from their U.S. students' participation in the student loan program, since many attending students receive these loans. While Education may not have resources to conduct site surveys of all foreign schools, a few schools receive the majority of the guaranteed student loans made to students attending foreign schools. In the case of states that required site surveys as part of their assessment processes, foreign medical schools were willing to pay for teams to assess their schools and affiliated hospitals.

Recommendations to the Secretary of Education

We recommend that the Secretary improve the standards and processes used to determine the eligibility of foreign medical schools. Specifically, we recommend that the Secretary together with the congressionally mandated advisory panel of medical experts implement standards that are comparable to those that U.S. schools must meet. Further, we recommend

that the Secretary establish policies and procedures to help assure that guaranteed student loans are made only to students attending medical programs that meet Education's standards.

With regard to standards, Education should

- require that foreign medical schools demonstrate that (1) they have formal affiliation agreements with the facilities they use to train their students and (2) their training facilities are equivalent to those that teach U.S. medical students and
- establish criteria for triggering site visits to schools' campuses and clinical training facilities to review the schools' operations and facilities and verify information.

We also recommend that the Secretary of Education (1) establish formal policies and procedures regarding the foreign medical school approval process, (2) develop appropriate guidance for lenders and guaranty agencies, (3) assure that approving officials are knowledgeable and staff are properly supervised, and (4) require applicants for loans to identify when they plan to attend a foreign medical school.

In cases of schools not cooperating with Education in providing information, Education should exercise its authority to prevent or terminate their continued eligibility in the guaranteed student loan program.

Agency Comments

Education agreed with our recommendations and described the specific steps it is taking to address them. Education stated that it is drafting a Notice of Proposed Rulemaking to revise the procedures and criteria under which a foreign medical school establishes eligibility to apply to participate in the student loan program. Education plans to address our recommendations for improving its standards and procedures in these new regulations that implement the 1992 amendments to the Higher Education Act. Additional planned steps that Education stated it was taking include

- developing regulations that require foreign medical schools to demonstrate that (1) they have formal affiliation agreements with the facilities they use to train their students and (2) their facilities are equivalent to those that teach U.S. medical students.

- developing and implementing criteria to trigger site visits of foreign medical schools' clinical training facilities within the United States and to foreign medical schools in Mexico, Canada, and the Caribbean Basin where the majority of participating foreign medical schools are located.
- developing internal procedures for the review and approval of foreign medical schools, including the development of a revised Application for Participation and Program Participation Agreement.
- establishing new internal procedures for the review and approval of foreign medical schools.
- assuring that staff assigned to Education's approval function are adequately supervised and receive appropriate instruction on the approval process.
- requiring schools whose eligibility has expired to undergo a complete renewal of approval, and initiating termination actions for currently participating foreign medical schools that do not meet the Department's standards of approval.

Education agreed in part with our recommendation to require loan applicants to identify when they plan to attend a foreign medical school. Education plans to assign each foreign medical school a unique identification number but does not plan to require that loan applicants use it or otherwise disclose that they plan to attend a foreign medical school.

In our view, establishing these new identifiers will not, in itself, correct the problem that we found with loans going to students attending unapproved schools. To correct this problem, Education would also need to collect information to separately identify those students who attend foreign medical schools that are part of a larger university.

A copy of Education's detailed response is in appendix IV.

State Medical Boards Lack Information to Evaluate Education of Foreign-Trained Applicants for Licensure

For licensed physicians to practice medicine in their states, state medical boards must evaluate the quality, relevance, and acceptability of the education and training of applicants. State medical boards generally have been unable to obtain the information they need for such evaluations of foreign-educated physicians because they either lack resources to conduct such evaluations or foreign schools contacted will not cooperate. To compensate for their lack of information on the education of foreign medical school graduates, some states have raised the training (residency) requirements for applicants from unaccredited schools. As a result, states have faced lawsuits charging discrimination.

FSMB and Individual States Unable to Obtain Information on Foreign Medical Programs

The Federation of State Medical Boards is the representative organization supporting the state medical boards in the 50 states and the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. On two occasions, FSMB, at the behest of its member state medical boards, has been unsuccessful in attempts to collect objective data on specific foreign schools. The first attempt occurred after FSMB's 1980 annual meeting, during which state medical boards expressed concern with the quality of education at certain offshore schools catering to U.S. citizens. As a result, FSMB established a Commission to Evaluate Foreign Medical Schools. The Commission's objective was basically to gather information for state licensing boards. The information gathered was patterned after the Liaison Committee on Medical Education reviews, although the Commission was set up to be a fact-gathering body as opposed to an evaluative accrediting organization. The schools selected for study were those in which state boards had expressed the greatest amount of interest. Initially, eight schools located in the West Indies and Mexico were surveyed. While five schools agreed to cooperate, only one school responded completely to the Commission's survey. Eventually, 68 schools were queried, 10 of which responded with a completed questionnaire.

After the initial lack of responsiveness from the schools, the Commission became relatively inactive until 1984 when, once again at FSMB's annual meeting, state medical boards unanimously passed a resolution seeking the prompt implementation of an effective system for providing critical information on foreign medical schools to the member boards for their use in making licensure decisions. This action resurrected FSMB's Commission on Foreign Medical Education. Once again, licensing boards provided the Commission with lists of schools for which they wanted more information. Initially, 10 schools were solicited. Again, only one school completed the

Commission's questionnaire.[1] FSMB at that time decided that, based on the overwhelming nonresponse, it would abandon this effort. An FSMB official told us that in addition to the problems with the lack of cooperation from schools, FSMB was concerned about liability issues, in the event that state boards based licensure rejections on information provided by the Commission.

Some individual states have tried to survey foreign medical schools on their own. Fourteen of 19 states we contacted had tried to conduct surveys to approve a school's clinical training program or approve the school's graduates for licensure. Seven subsequently decided that the process was not workable and abandoned their efforts. Only seven still have authority to continue the process, and most of these were not actively approving schools at the time of our review because schools were no longer applying for approval.[2] In most cases, state officials indicated the efforts were ended due to a lack of resources or the unwillingness of schools to cooperate.

FSMB officials, and five state medical board directors we interviewed, indicated that states still need information on the quality of the education provided by frequently attended foreign medical schools. In fact, schools that states were most interested in knowing about are also schools that were receiving student loans. Of 27 known schools from which FSMB sought information in the 1980s, 20 had received student loans between 1986 and 1991.

Without reliable information on the quality of education at foreign medical schools, educationally underqualified physicians may be entering the U.S. health care delivery system. Medical board and other officials cited concerns with other controls in place that keep underqualified physicians from entering the system. First, the medical knowledge examinations that all physicians must pass to enter residencies are not all inclusive. Also, some physicians continue taking the tests until they pass. States can set limits on the number of times the test can be taken to qualify for licensure but some states have not set such limits. Therefore, access to data on foreign medical schools, such as are available for U.S. schools, is

[1]Two schools that the Commission solicited were closed soon after the survey attempt, due to their involvement in selling fraudulent medical diplomas.

[2]States that continue their assessment processes use the information for various purposes. For example, a New York board official told us that New York maintains a list of foreign medical schools approved to train students in New York hospitals, as well as a list of foreign medical schools whose students are approved to be treated the same as graduates of U.S. schools. A California official indicated that the state maintains a list of schools whose graduates are ineligible for licensure in the state and another list of schools approved to train students in California hospitals.

important for determining applicants' qualifications. Second, tests only assess knowledge, not clinical skills. As noted by one state board official, "basically we test for the retention of facts; facts that become obsolete and have little clear-cut relationship to the clinical situation." Finally, while all states require that foreign-trained U.S. citizens complete at least 1 year of residency before granting them licenses, resident physicians are high in demand, positions are often unfilled, and state medical board officials indicate that residency program directors are hesitant to expel poor performers or alert the board to them due to liability concerns. State medical boards became painfully aware of the need for better information when the Dominican Republic government closed down two to four medical schools in the mid-1980s for issuing false diplomas, and boards found that numerous physicians with such diplomas had gone through the system and gotten licensed.

State Medical Boards Under Pressure to Set the Same Standards for U.S.- and Foreign-Trained Physicians

Assessing the quality of education of applicants for licensure is a critical element to state medical boards in determining whether the applicant should be licensed. The executive vice president of FSMB testified to the Congress in 1988 that the boards are "functioning in the dark in relation to the educational background of large numbers of foreign medical graduates."[3] Without reliable information on the quality of education, some state boards have attempted to develop compensating requirements for the licensure of foreign medical school graduates by raising their graduate medical education requirements for foreign medical school students. For example, for 1993, an AMA publication shows that approximately 32 of 54 licensing boards had higher requirements for graduate medical education for foreign-trained applicants than their U.S.-trained counterparts.

States, however, have been under pressure to keep their requirements the same for both foreign- and U.S.-trained physicians.[4] The differing requirements for foreign-trained versus U.S.-trained applicants have raised complaints about discrimination. Some states have faced lawsuits charging civil rights violations against foreign medical students. Many complaints have been raised to the Congress, and an AMA publication reports that between 1988 and 1991 at least 12 bills to prohibit discrimination against foreign-trained physicians were introduced. In 1992,

[3]Testimony by Bryant L. Galusha, M.D., before the Subcommittee on Health and the Environment, House Committee on Energy and Commerce (Mar. 11, 1988). The hearing was addressing, among other things, bills to address concerns about higher licensing requirements for foreign medical graduates.

[4]GAO reported on differences in state licensing standards once a doctor has been licensed in one state for foreign and U.S. medical school graduates in Medical Licensing by Endorsement: Requirements Differ for Graduates of Foreign and U.S. Medical Schools (GAO/HRD-90-120, May 1990).

the Congress passed Public Law 102-408, which included a requirement that the Secretary of Education establish a council to, in part, review state licensing policies for foreign- and U.S.-trained medical graduates and determine the effects of the policies.

California provides an illustrative example of the difficulties states have had in responding to the pressures of assuring the competence of the physicians they license and not unfairly treating foreign medical school graduates. The California legislature passed a law in 1985 declaring its intent that the state medical board move toward the approval of foreign medical schools that meet California medical school standards. The law requires the board to conduct site visits to inspect medical school accreditation systems and individual schools in three countries on three continents and report its findings to the state legislature. The board's 1989 report to the legislature found that many schools and foreign country accreditation systems reviewed did not provide a medical education comparable to that of a U.S. school. The report also concluded that duplicating LCME's process would be prohibitive for all schools abroad, but an option would be to ask foreign-trained applicants to enhance their clinical training in U.S. hospitals. The board's report recommended that the board raise its 1-year postgraduate training requirements for U.S.- and foreign-trained physicians to 3 years. The report indicated that the raised requirement for everyone would not be discriminatory because all graduates would be required to complete the same training before initial licensure.

Although there was general support from representatives of California medical schools to increase the requirement, there was concern from graduate student associations that an increase would impose hardships on residents in their ability to engage in gainful employment outside of the residency setting. In response to these concerns, the board voted in 1990 to change its recommendation. Instead of a 3-year postgraduate requirement, the board proposed a 2-year requirement. The California Residents' Association argued that there was no demonstrated need for requiring additional training for both foreign- and U.S.-trained graduates. As a result, the board changed its recommendation to, in effect, require that foreign-trained physicians who do not have undergraduate clinical training in an accredited program satisfy a 2-year postgraduate training requirement. As of 1993, this recommendation had not been adopted by the state legislature, a state official told us. Both U.S.- and foreign-trained physicians were still subject to a 1-year residency requirement before their eligibility for licensure.

Conclusions

State medical boards are responsible for assuring that (1) physicians they license have the education and training needed to competently serve the public and (2) their standards do not treat applicants unfairly. In the case of foreign-trained U.S. physicians, fulfilling these responsibilities has proven most difficult. But this dilemma—combined with the weaknesses in Education's approval process for foreign medical schools participating in the student loan program—may be allowing educationally underqualified foreign medical school graduates to enter the ranks of U.S. physicians.

States continue to need better information on the curriculum, faculty, and facilities of foreign medical schools that train large numbers of U.S. nationals who eventually apply for licensure in the states. Education is also charged with seeking such information from many of the same schools to determine their comparability to U.S. medical schools. If Education improves its assessments to more closely parallel those conducted by LCME, we believe that Education can obtain and provide states with much of the information they need to meet their purposes.

Recommendations

We recommend that, once Education's standards and processes have been improved, the Secretary share information that Education obtains on foreign medical schools with state medical boards for their use in evaluating the education of licensure applicants. The Secretary also should work with FSMB to determine which information that Education gathers would be of most use to the state boards.

FSMB Comments

FSMB agreed with our recommendations, expressing its hope that the recommendations are speedily acted on by the Congress and the Secretary of Education. In addition, FSMB expressed its interest and offered assistance, on behalf of its member medical boards, in seeing the recommendations move forward. A copy of FSMB's response is in appendix V.

Education Comments

Education agreed with our recommendations. Education stated that it intends to interact with FSMB to share critical information gathered on foreign medical schools, including periodically providing FSMB with lists of approved foreign institutions.

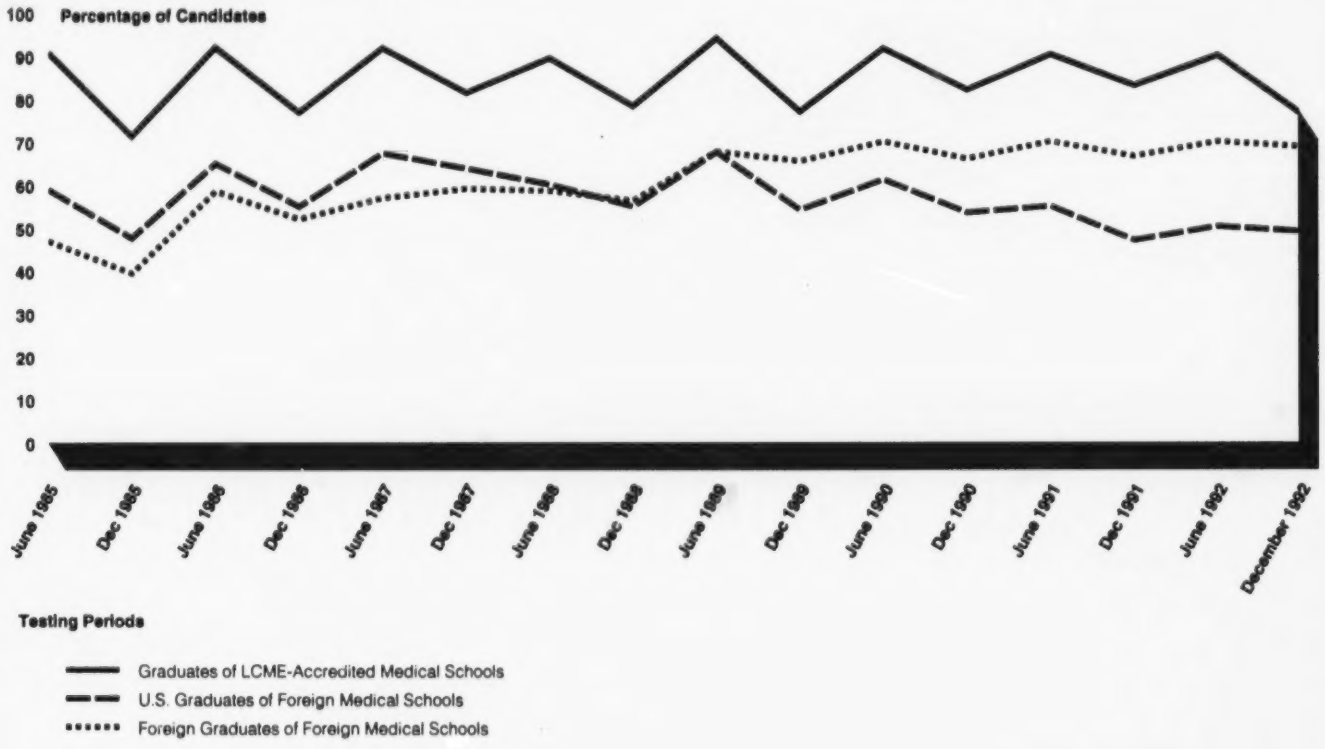
History of Examinations Given to Foreign- and U.S.-Trained Physicians

Before 1992, U.S.-trained physicians and those from unaccredited (foreign) schools took different examinations on the path to medical licensure. U.S.-trained physicians most often took the National Board of Medical Examiners exams and foreign-trained physicians the Foreign Medical Graduate Examination in the Medical Sciences (FMGEMS) for ECFMG certification and the Federation Licensing Examination (FLEX) for medical licensure. Since 1989, foreign-trained physicians have been allowed for ECFMG certification to take two of three parts of the NBME examination, which were formerly allowed only for graduates of U.S. and Canadian medical schools.

NBME and FSMB established a single, uniform examination for medical licensure in the United States to be administered in 1992. The United States Medical Licensing Examination (USMLE) Step 1, Step 2, and Step 3 provides a common evaluation system against which to measure knowledge and cognitive competence of applicants for medical licensure. USMLE will replace the two existing examination sequences used in the medical licensing process, NBME and FLEX. NBME will be last administered in May 1994, and FLEX in December 1993. ECFMG has also approved Step 1 and Step 2 of USMLE as meeting the requirement for the medical science examination for ECFMG certification. Consequently, the ECFMG-administered examination, FMGEMS, was to be last administered in July 1993.

Pass-rate data on the NBME and FLEX examinations taken by both U.S.- and foreign-trained physicians provide a basis for comparison. As shown on pages 26 to 27, data for recent test periods show that for parts I and II of the NBME exam (part I covering basic medical sciences and part II covering clinical sciences), pass rates for U.S. graduates of foreign medical schools are far below the rates for graduates of U.S. medical schools. Data from FLEX similarly show that foreign-trained U.S. nationals perform lower than other groups, including foreign-trained foreign nationals.

Figure I.1: Pass Rates on the FLEX Examinations



While U.S. graduates do not take the ECFMG examination called the FMGEMS, pass rates for these examinations also reflect that U.S. citizens educated in foreign schools pass at a lower rate than foreign nationals trained abroad.

Figure I.2: Pass Rates on the FMGEMS Examination, Day 1 (Basic Sciences)

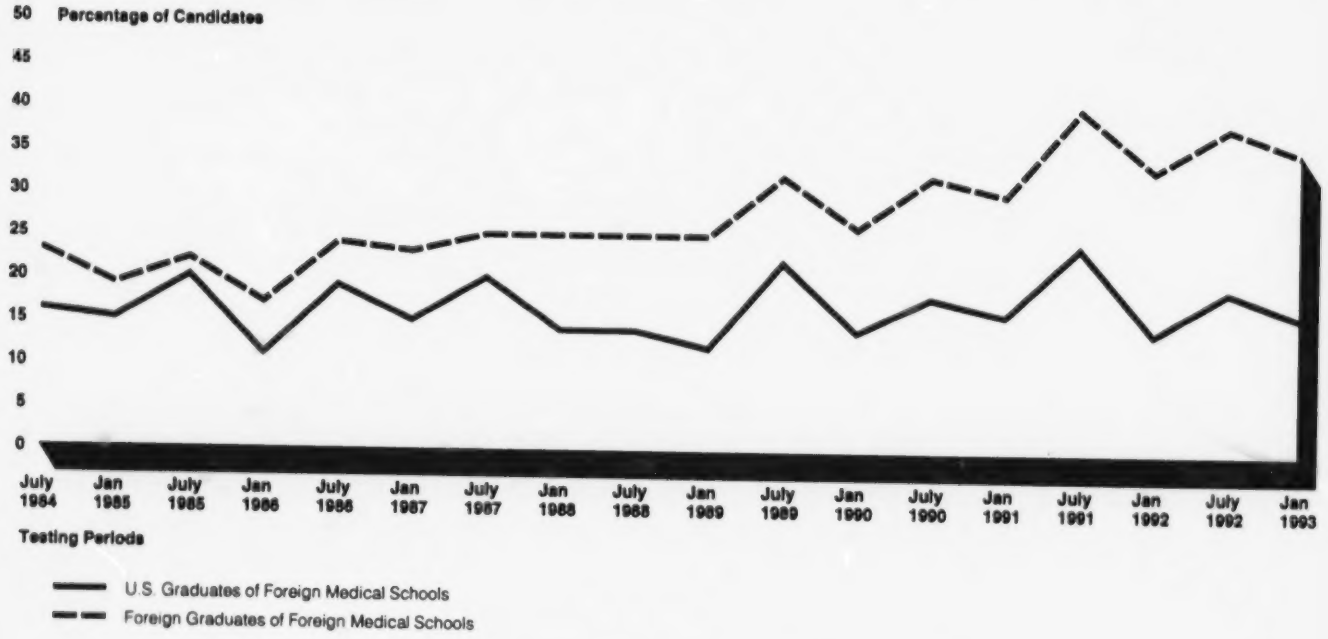
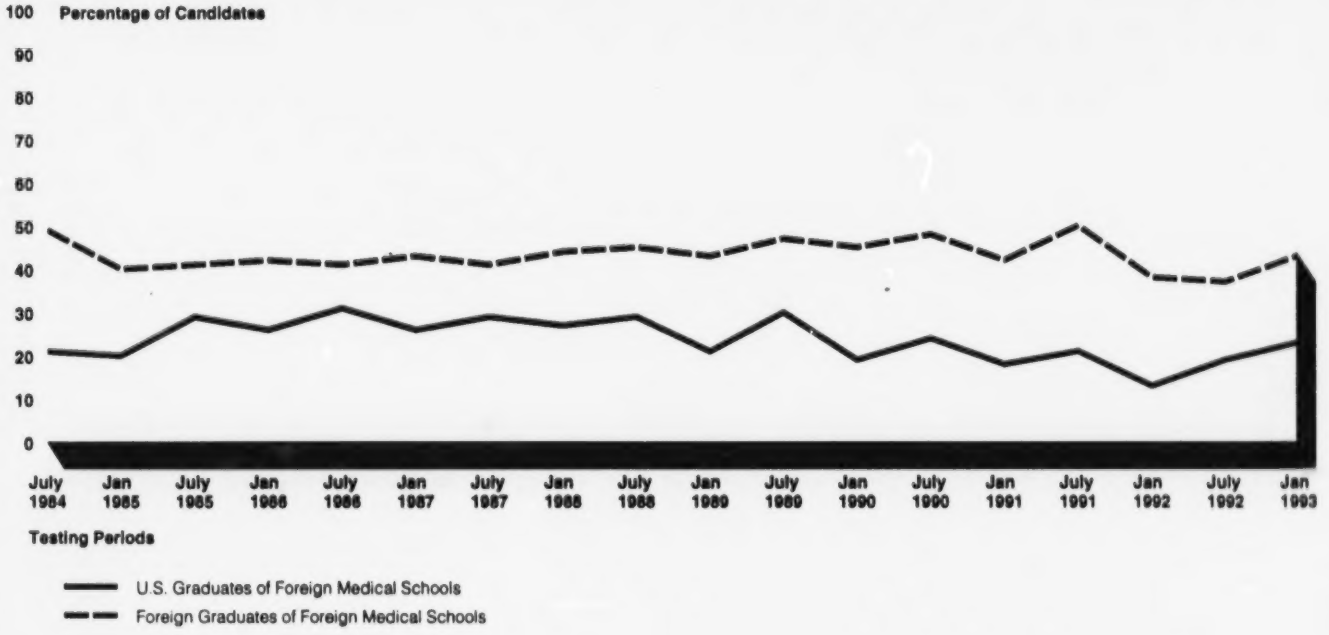


Figure I.3: Pass Rates on the FMGEMS Examination, Day 2 (Clinical Sciences)



As noted in 1992, the USMLE examination was first administered to establish a single examination for licensure. Data available since 1992 show that the pass rates on the USMLE similarly indicate that U.S. citizens trained in foreign schools pass at a lower rate than other groups. For example, the pass rates for NBME-registered examinees (U.S.- and Canadian-trained students) for the 1992 administrations of Step 1 of USMLE, assessing whether an examinee can apply the knowledge and understanding of key concepts of basic biomedical science, averaged 85 percent, as compared with 23 percent for foreign-trained U.S. citizens and 37 percent for foreign citizens trained in foreign schools.

Education Approved Medical School in Santo Domingo in Violation of Eligibility Rules

As part of our review of Education's processes for approving foreign medical schools, we investigated allegations that the British West Indies Medical College in Santo Domingo was granting degrees to students with little or no medical education. Education had not approved BWIMC's participation in the guaranteed student loan program. However, Education did break its own rules in approving a medical school that apparently replaced BWIMC. Our investigation demonstrated how Education was vulnerable to approving foreign medical schools that do not meet its own standards.

BWIMC's medical dean had attended a Santo Domingo medical school that was identified in congressional hearings in the mid-1980s as a diploma mill, according to documentation obtained by a former BWIMC student.[1] In 1989, the former dean pleaded guilty to practicing medicine without a license in North Carolina and in 1991 was charged with practicing medicine without a license and financial exploitation of the elderly in Florida. In early 1992, BWIMC students who had become aware of the dean's illegal activities expressed concerns about his notoriety and its effect on the school's reputation. Three students proposed establishing a new school or finding a way to sever the school's ties to the dean. Later that year, BWIMC apparently closed. Another medical program, that of the Universidad Federico Henriquez Y Carvajal, emerged. It was affiliated with BWIMC's dean and shared many characteristics of BWIMC's program.[2]

Education allowed UFHEC to inherit the school code of another school, whose campus it assumed, without assuring that the name change was valid. A school under new ownership is considered a new school and must, by Education's own regulations, be treated as such. Education's policy requires that name changes be verified. If Education had done so, it would have discovered that, according to Dominican Republic officials, the schools were considered different schools and applied its criteria to UFHEC. The school would not have met the criteria at the time it adopted the approved school's code, since schools are required to be listed in the World Health Organization Directory of Medical Schools, at a minimum. Also, participating schools must have at least 60 percent of their students from the local population. Our evidence shows that UFHEC met none of these requirements.

[1]This individual was cited as medical dean of BWIMC on several documents and as the school's president on one document.

[2]Apparently, UFHEC has programs other than medicine. BWIMC appears to be affiliated only with the medical school of the UFHEC.

Scope and Methodology

To investigate the allegations that BWIMC was a fraudulent operation that was operated by a person who had pleaded guilty to practicing medicine without a license in the United States, offered medical diplomas to chiropractors with little medical training, and affiliated with an Education-approved school, we conducted interviews with and obtained documentation from 11 former BWIMC students, one person who invested in the school, and one person from UFHEC, the school that apparently replaced BWIMC. We interviewed a former administrator of BWIMC, who was then employed by UFHEC. We solicited information from the Vice Rector of UFHEC regarding the school's relationship to BWIMC and its principals, but received a response to our letter that did not answer most of our questions. For that reason, we drew our conclusions primarily from interviews with and documentation provided by the Florida State Attorneys Office and Department of Law Enforcement, the North Carolina Department of Justice, BWIMC students, the Consejo Nacional de Educacion Superior (CONES) of the Dominican Republic Government,[3] and the Educational Commission for Foreign Medical Graduates. Also, we reviewed available Education files on all schools in the Dominican Republic, including those potentially related to BWIMC. Finally, we interviewed staff of the publication Dynamic Chiropractic, who had conducted their own investigation of BWIMC and potential false advertising.

BWIMC Medical Degree Alleged to Be Worthless

In reviewing the adequacy of Education's processes for approving foreign medical schools for student loan program participation, we became aware of allegations made in 1992 to the Federation of State Medical Boards that a Santo Domingo medical school, BWIMC, was granting degrees to students with little or no medical education. The initial allegations about BWIMC were made by a chiropractor who enrolled and participated in an on-site inspection of the school in session as well as a meeting of students and school officials. He quickly withdrew from the program, requesting a refund of the $15,000 installment on tuition fees he had already paid the school. (He eventually received a partial refund.) The chiropractor characterized BWIMC as a "scam" and "diploma mill," and the clinical training as "less than inferior."

According to his testimony and that of seven other former students and documentation provided by them, the BWIMC program consisted of a varying number (generally six to eight) of 1-week trips to the Santo

[3]CONES (El Consejo Nacional de Educacion Superior or the National Council of Higher Education) is a Dominican Republic government body that supervises the performance of higher education institutions and legalizes documents from those institutions. CONES verifies the legal status of Dominican Republic schools and the credentials of students from schools that have closed.

Domingo facilities of the school. After 6 weeks of rapid review of the "basics" and 9 months of courses and clinical rotations, a student could complete the program.[4] One former student described a typical day of school as 2 to 3 hours in the classroom in the morning and rounds with physicians in the afternoon to observe procedures. The tuition that students paid ranged from $12,000 to $30,000. This did not include travel and lodging expenses, which the students paid out of pocket. Some of the students were solicited to become investors in the school.

BWIMC Compares to Diploma Mills Identified in the 1980s

As described by former BWIMC students, BWIMC had characteristics of the schools identified in the mid-1980s during congressional hearings as diploma mills. Like those schools, BWIMC

- sought chiropractors and other mid-level practitioners as students, offering them advanced standing and admission into an "accelerated" program of medical study. BWIMC advertised in a chiropractic periodical, Dynamic Chiropractic. A majority of the school's students apparently were licensed chiropractors who were interested in the opportunity to obtain a medical degree while continuing their practice.
- accepted students with little scrutiny of their qualifications for attending medical school. For example, one former student said that the school did not insist upon college transcripts as evidence of prior education. Another indicated that he was never interviewed and was accepted to the school by letter. A third student said he was admitted to BWIMC, although he had not graduated from an undergraduate program where he had taken courses.
- did not maintain high standards for education. One former student told us that actual BWIMC courses he participated in did not resemble the descriptions in the catalog and were "a joke," and characterized his degree from the college as worthless. However, one former student spoke highly of the lectures. Several former students indicated that they received no grades for tests taken, and that school officials had assured students that their performance on course tests was not very important. Four former students told us that BWIMC gave them credit for courses that they did not take or test results for tests that they did not take.
- did not ensure high-quality clinical training. One former student said that the clinical portion of the BWIMC program involved virtually no hands-on training. Another student told us that his clinical experience was limited to scrub-nurse activities at various clinics or hospitals in or near Santo Domingo. One student said that his clinical rotation experience included

[4]A second part of the program involved transferring to a WHO-approved school known as UNIREHMOs, where the student was required to spend about three 3-month trimesters on campus. Based on interviews with students, this arrangement with UNIREHMOs was never fulfilled.

observing cases in a hospital in which "every condition warranted penicillin or erythromycin."

Students Concerned About Reputation of BWIMC Advocate Establishment of New School

By early 1992 but perhaps earlier, students at BWIMC were concerned that past activities of the school's dean—in particular, his plea of guilty to the charge of practicing medicine without a license and the several charges brought against him in Florida for medical fraud—had tarnished the name of the school. The students had become aware through an article published in the December 18, 1989, issue of Medical Economics[5] that in 1989 the school's dean had pleaded guilty to practicing medicine without a license in North Carolina. From the same article, they also learned that their school's dean had never attended an accredited medical school or taken a licensing exam; also that his questionable medical practices had attracted the attention of the North Carolina State Attorney General's office, the State Bureau of Investigation, and the North Carolina Board of Medical Examiners.

A letter signed by three students and addressed to present and prospective students of BWIMC in early 1992 urged its readers to consider various actions: to continue at the school without change, to continue at the school but to end all association with the dean, or to establish a new school under the direction of another school official. According to one former student, this school official advocated that the school be renamed. At a meeting between a BWIMC student representative and school officials (including the dean) in early 1992, the BWIMC student representative questioned the dean's medical credentials and expressed concerns about the credibility of the school. According to a former student, when the representative suggested that the name of the school be changed, the dean indicated that he would take the recommendation under advisement.

[5]Charles Davant III, "No Medical Degree, No License? Come Practice Here," Medical Economics (Dec. 18, 1989), pp. 70-85.

UFHEC Is Established, BWIMC Ceases Operations

Sometime around mid-1992, BWIMC apparently ceased to operate.[6] A new medical program, UFHEC's, apparently either took its place or somehow otherwise became affiliated with the administrators and students of BWIMC.[7] BWIMC's former dean was perceived by students to be "at the helm" of UFHEC's medical school, although he was listed on correspondence sent to students as the school's academic advisor and coordinator. According to a former BWIMC student, BWIMC's dean was responsible for the operation of UFHEC and received a percentage of UFHEC's tuition revenues. Another student indicated that the dean had gotten a chance to purchase a license to operate through UFHEC. Correspondence sent to BWIMC students stated UFHEC and BWIMC shared almost identical catalogues and mailing addresses for certain clinical facilities. UFHEC medical school solicitations mailed to potential students in 1992 were signed by BWIMC's former dean and its administrator. Former students we interviewed viewed UFHEC's medical school as closely affiliated with BWIMC. According to the former administrator of BWIMC and a current secretary of UFHEC, BWIMC no longer had students in 1993, most having transferred to UFHEC. UFHEC was apparently established when its owners took over the campus of the University Mundial Dominicana, which had ceased to operate in 1991.[8] UFHEC opened in the same location following the closure of UMD.

We requested information from UFHEC, but while UFHEC's Vice Rector responded to our letter, she did not respond to our questions about the school's dean and its organizers, the advisory and teaching staff, the clinical facilities, and the nature of the school's relationship with BWIMC and its principals. She said that many questions we asked "were not of my concern."

[6]To determine the status of the school, we visited in May 1993 two mailing addresses for administrative offices of the school in Florida. The first address was the location of the Ding-a-Ling Answering Service, which had BWIMC as a client several years earlier; the second was the North Lauderdale Postal Center, a mail drop for the school. On the basis of further evidence, including accounts of former students and a statement from an attorney purportedly representing BWIMC, we believe that the school suspended operations around mid-1992.

[7]While UFHEC officially opened in 1991, BWIMC was known to be operating in 1992. It was not until after BWIMC apparently suspended operations in 1992 that UFHEC correspondence was sent to students showing the link to BWIMC.

[8]According to the Vice Rector, UFHEC, the school was founded in 1988.

Education Transferred to UFHEC Certification of an Approved School

In its first year of operation, UFHEC was approved for federal student loan program participation without assessment or review and despite Education's rules that would have prohibited UFHEC from being approved without, for example, its listing in the World Health Organization Directory of Medical Schools. UFHEC became eligible for program participation in that Education assigned it a code number formerly associated with UMD. Education rules allow such a transfer in codes and participation status when an approved school changes its name and certain conditions are met, such as the appropriate agency approving the change. However, Education's policy is that schools changing ownership are considered new schools unless certain conditions are met.

If Education had contacted the Dominican Republic government, Education would have learned that UFHEC was considered to be a new school and that it was not the same school as the one whose campus (and Education program participation code) it adopted. In that case, Education rules would have prohibited immediate approval, since a new school must meet all the requirements laid out in regulations.

Methodology for Calculating Estimates of Loans Guaranteed

We obtained funding data for all payments made to students attending foreign schools during the years 1986 to 1991. During that time period, Education guaranteed $173 million in student loans for students attending foreign schools. We estimate that up to $117.6 million may have been loans to students attending foreign medical schools for which Education had no assurance were comparable to schools in the United States.

Education approved 67 schools using standards that are not comparable to those used by LCME to accredit U.S. schools or that Education had no record of the justification for the approval. Loans to students attending these schools totaled $61.9 million between 1986 and 1991.

Education made loans between 1986 and 1991 to students attending an additional 226 foreign schools with unapproved medical programs totalling $67.4 million. We identified that these schools had medical programs by using the World Health Organization's World Directory of Medical Schools, Sixth Edition. In surveying 12 foreign schools with unapproved medical programs, we found that on average 82.6 percent of the students receiving loans in 1990 and 1991 to attend the schools were attending the unapproved program. If this percentage is the same for all foreign schools with unapproved programs, then 82.6 percent of $67.4 million or $55.7 million could potentially have gone to students attending unapproved medical school programs.

Thus, $61.9 million was paid to programs approved because they met inadequate standards, and an estimated $55.7 million was paid to students attending unapproved medical programs, for a total of $117.6 million.

Comments From the Department of Education

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF POSTSECONDARY EDUCATION

THE ASSISTANT SECRETARY

NOV 22 1993

Linda G. Morra
Director
Education and Employment Issues
Human Resources Division
United States General Accounting Office
Washington, DC 20548

Dear Ms. Morra:

The Secretary has asked me to respond to your request for comments on the General Accounting Office (GAO) draft report, "Millions in Unauthorized Student Loans to U.S. Nationals at Foreign Medical Schools," GAO/HRD 93-136, transmitted to the Department of Education (Department) on September 27, 1993.

The Department agrees with GAO's recommendations. The 1992 amendments to the Higher Education Act (Act) included new requirements for foreign medical schools that wish to participate in the Federal Family Education Loan (FFEL) program. The Department is drafting a Notice of Proposed Rulemaking (NPRM) covering these new requirements. These proposed regulations would revise the procedures and criteria under which a foreign medical school establishes eligibility to apply to participate in the FFEL program. The Act also mandates the establishment of an advisory committee. A detailed response to the recommendations is enclosed.

We appreciate the opportunity to comment on the draft report. If you have any questions, please contact Molly Hockman, Acting Director, Accounting and Financial Management Service, on (202) 708-6234 or Carol Sperry, Acting Director, Institutional Participation and Oversight Service, on 708-8197.

Sincerely,

David A. Longanecker

Enclosure

400 MARYLAND AVE., SW WASHINGTON, DC 20202-5100

General Accounting Office Draft Report, "Millions in Unauthorized Loans to U.S. Nationals at Foreign Medical Schools," GAO/HRD 93-136

RECOMMENDATION 1.1:

GAO recommends that the Secretary, together with the Congressionally mandated advisory panel of medical experts, implement standards that are comparable to those that U. S. schools must meet.

See pp. 33-34.

ED RESPONSE:

The Department agrees with the recommendation. The Higher Education Amendments of 1992 [Pub. L. 102-325, July 22, 1992] mandated under **Part G-General Provisions, Sec. 481. Definitions,** that

"The Secretary shall establish an advisory panel of medical experts which shall--

(a) evaluate the standards of accreditation applied to applicant foreign medical schools; and

(b) determine the comparability of those standards to standards for accreditation applied to United States medical schools."

The advisory panel that the Secretary has established is called the National Committee on Foreign Education and Accreditation (NCFMEA). The Department will publish a Notice of Proposed Rulemaking (NPRM) that will define procedures and establish standards that foreign medical schools must meet in order to participate in the Federal Family Education Loan (FFEL) program.

RECOMMENDATION 1.2:

See p. 34.

GAO recommends that the Secretary establish policies and procedures to help assure that guaranteed student loans are made only to students attending medical programs that meet Education's standards.

ED RESPONSE:

The Department agrees with the recommendation. The Department will publish a NPRM that will define procedures and establish standards that foreign medical schools must meet in order to participate in the FFEL program.

RECOMMENDATION 1.3:

GAO recommends that, with regard to standards, Education should require that foreign medical schools demonstrate that (1) they have formal affiliation agreements with the facilities they use to train their students, and (2) their training facilities are equivalent to those that teach U. S. medical students.

See p. 34.

ED RESPONSE:

The Department agrees with the recommendation. In the past, the Department could not evaluate the quality of the medical education that U. S. citizens chose for themselves in foreign countries. However, being unable to evaluate educational quality does not necessarily mean the quality was poor.

As we stated under Recommendation 1.1, the Department will publish a NPRM that will define procedures and establish standards that foreign institutions must meet in order to participate in the FFEL program.

RECOMMENDATION 1.4:

GAO recommends that, Education establish criteria for triggering site visits to schools' campuses and clinical training facilities to review the schools' operations and facilities and verify information.

See p. 34.

ED RESPONSE:

The Department agrees with the recommendation. After the final regulations have been published, the NCFMEA will begin to evaluate the standards of accreditation used in foreign countries and determine the comparabil' y of those standards to the standards applied to U.S. medical schools. Based on the information it receives from the NCFMEA, the Department will develop and implement criteria to trigger site visits of foreign medical schools' clinical training facilities within the United States and, funds permitting, site visits to foreign medical schools in the Republic of Mexico, Canada, and the Caribbean basin where the majority of participating foreign medical schools are located.

RECOMMENDATION 1.5:

GAO recommends that the Secretary of Education establish formal policies and procedures regarding the foreign medical school approval process.

See p. 34.

ED RESPONSE:

The Department agrees with the recommendation. In conjunction with publishing a final regulation for foreign medical school approval, the Department will develop internal procedures for the review and approval of foreign medical schools. Included in this process will be the development of a revised Application for Participation and Program Participation Agreement.

RECOMMENDATION 1.6:

GAO recommends that the Secretary of Education develop appropriate guidance for lenders and guaranty agencies.

See p. 34.

ED RESPONSE:

The Department agrees with the recommendation. After the final regulations have been published, the NCFMEA operational, and the certification of foreign medical schools commences, appropriate notification and guidance will be provided to lenders and guaranty agencies through the Office of Postsecondary Education, Institutional Participation Division (IPD)'s Weekly Status Report that lists all changes in institutional status including institutions renewed for approval and those that are terminated from participation. The Department will provide current information to lenders and guaranty agencies through Dear Colleague letters.

RECOMMENDATION 1.7:

GAO recommends that the Secretary of Education assure that approving officials are knowledgeable and staff are properly supervised.

See p. 34.

ED RESPONSE:

The Department agrees with the recommendation. The Department will establish internal procedures for the review and approval of foreign medical schools based on final regulations. The Department will also assure that staff assigned to the approval function are adequately supervised and receive appropriate instruction on the approval process. So that adequate coverage is always available for this function, other staff will be cross trained on the approval process. The Director, IPD, will provide careful oversight of all staff assigned to this function.

RECOMMENDATION 1.8:

GAO recommends that the Secretary of Education require applicants for loans to identify when they plan to attend a foreign medical school.

See p. 34.

ED RESPONSE:

The Department agrees in part with the recommendation. The Department, as part of the certification/recertification process for foreign medical schools will, upon approval for participation in the FFEL program, give each foreign medical school (whether part of a foreign university or freestanding) a unique identification number (OPEID). Thus, for purposes of the annual FFEL tape dump, students attending foreign medical schools will be identified, the number of loans and their dollar volumes known, and cohort default rates can be calculated.

RECOMMENDATION 1.9:

GAO recommends that, in cases of schools not cooperating with Education in providing information, Education should exercise its authority to prevent or terminate their continued eligibility in the guaranteed student loan program.

See p. 34.

ED RESPONSE:

The Department agrees with the recommendation. The Higher Education Amendments of 1992 (Pub. L. 102-325) give the Department authority to determine that a foreign medical school is ineligible for participation in the FFEL program if the foreign medical school does not provide, release, or authorize release of information that the Department may require to determine the institution's eligibility to participate in the FFEL program. We propose to require foreign medical schools whose eligibility has expired to undergo a complete renewal of approval. If, upon review, the 88 currently participating foreign medical schools do not meet the Department's standards of approval, we will consider initiating termination actions pursuant to 34 CFR 668 Subpart G.

RECOMMENDATION 2.1:

GAO recommends that, once Education's standards and processes have been improved, the Secretary share information it obtains on foreign medical schools with state medical boards for their use in evaluating the education of licensure applicants.

See p. 40.

ED RESPONSE:

The Department agrees with the recommendation. The Department indeed is interested in sharing information with state medical boards. The Department will provide the Federation of State Medical Boards (FSMB) with a list of foreign medical schools and the countries where they are located.

See p. 40.

RECOMMENDATION 2.2:

GAO recommends that the Secretary work with the FSMB to determine what information that Education gathers that would be of most use to the state boards.

ED RESPONSE:

The Department agrees with the recommendation. As the Department stated under recommendation 2.1, we intend to share with the FSMB critical information on foreign medical schools. The Department periodically will provide the FSMB with a list of approved foreign institutions.

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Comments From the Federation of State Medical Boards of the United States, Inc.

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October 14, 1993 - *via fax, confirmation copy by mail*

David P. Baine
Director, Federal Health Care Delivery Issues
Human Resources Division
US General Accounting Office
Washington, DC 20548

Dear Mr. Baine:

I am writing to provide comment, on behalf of the Federation of State Medical Boards, to the draft report entitled EDUCATION: Millions in Unauthorized Guaranteed Loans Made to U.S. Nationals Attending Foreign Medical Schools (Code 101411) which was received by the Federation on September 29. We appreciate the extension to October 15 of the deadline for the Federation to provide comment, as confirmed by phone with Frank Pasquier on September 30.

In general, we are impressed by the thoroughness of the study and the soundness of the conclusions and recommendations. We are gratified by the validation provided by the study of the many and complex problems facing licensing boards in their attempt to assess the quality of medical education delivered by foreign medical schools. We hope this study is taken to heart and the recommendations speedily acted upon by Congress and the Secretary of Education. We also hope you will somehow convey to the appropriate authorities the Federation's interest, on behalf of its member medical boards, in seeing the recommendations move forward, along with the Federation's offer of assistance in any way possible to further these ends.

There are a few sections in the draft which could benefit from modest clarification. We have marked suggested modifications on affected pages of the draft, and these are enclosed. For your easy reference, suggested changes are provided for pages 2, 5, 9, 10, 19, 20, and 21.

Again, please accept our commendation on a job well done. If you wish to discuss any of our comments or if we can otherwise assist you in finalizing this report for submission, please feel free to contact me or our Assistant Executive Vice President, Kate Hill.

Sincerely,

James R. Winn, M.D.

James R. Winn, MD
Executive Vice President

Enclosures

cc: Hormoz Rassekh, MD
I. Kathryn Hill, MEd

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